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CARSON CITY, Mar. 21—Senator Berkeley L. Bunker's sudden action in seeking the removal of United States Marshal Frank Middleton and Internal Revenue Collector R. L. Douglass has been greeted in political quarters with mingled feelings of elation and disappointment.

Senator Pat McCarran has been after Middleton's scalp ever since the death of Senator Key Pittman, and a move to oust the marshal and replace him with James Whalen of White Pine county fell through. Middleton's ace-in-the-hole has been Edward J. Flynn, Democratic national chairman, who reportedly has been successful in keeping the Nevadan in the saddle. Middleton has made a splendid record as United States marshal and commands the respect of the department of justice. When questioned this week about the Middleton removal, Senator Bunker said, "I have nothing against Middleton; I think he is a fine man." The senator added, however, that two of Middleton's deputies, Ed Gily of Reno and A. T. McCarter of Las Vegas, had "been talking too much." Senator Bunker said he was tired of trying to placate his enemies, and concluded by saying, "The Old Guard (that wing of the Democratic party formerly controlled by Senator Pittman) is against me and I see no reason to let them fight me while on the federal payroll."

The real story behind Middleton's removal had its start several months ago when Governor Carville is reported to have requested Bunker to name Whalen to the marshalship. Bunker had previously indicated that he had nothing against Middleton, but the combined pressure of the governor and Senator McCarran changed the picture. There is the possibility that Flynn will continue to throw his support in behalf of Middleton, but whether it will be strong enough to keep the marshal on the job is a matter of conjecture. Lee S. Brawner, deputy marshal, has never been considered for the top spot, probably because he refuses to knuckle to those in power, at the same time remaining friendly with both factions of the party.

Senator Leslie Kofoid of Pershing county, a service station operator and president of the Nevada Young Democrats, has been a strong supporter of the present state administration and was counted as one of Governor Carville's few stalwarts in the senate last session.

Senator Bunker has stated that "politics" is also responsible for his action in seeking the removal of Douglass as collector of internal revenue. Douglass, long identified with the Old Guard faction of the party, owed his job to Senator Pittman, and observers have marvelled that he remained as long as he has. If Douglass has been dabbling in politics, as Bunker charged, he has been doing it on the quiet. In fact it wasn't so long ago that Douglass returned from Washington and, in a statement to the press, said that Senator Bunker and Senator McCarran were right on the job. Senator Bunker's recent action makes Douglass' statement somewhat prophetic.

Francis M. ("Husky") Young, Reno automobile dealer who has been recommended for collector of internal revenue, is a popular man in western Nevada. Although he has not been active in Democratic circles, he has been close to Governor Carville, who probably gave his appointment the nod.

Senator Bunker's outspoken proposal to remove Middleton and Douglass presages a red hot political campaign this fall, and Representative James G. Scrugham will no doubt lead the parade of McCarran, Bunker and Carville malcontents, who are tiring of machine politics during war time

ELKO, NEV., FREE PRESS
OF 1942
MARCH 24, 1942

Politics

State writers question strategy applied by Senator Berkeley Bunker in opening his campaign for United States Senator. Outcome of investigation of Basic Magnesium may be key to success or failure.

As the Truman investigating committee starts its probe of the Basic Magnesium Corporation, near Las Vegas, as part of its program to investigate the national defense program, there is considerable speculation throughout the state as to just where Junior Senator Berkeley Bunker will stand when the smoke clears and findings are announced. He made some serious charges against the company, not so much the general charge of "inefficiency," but the one in which he stated the company's records were conveniently destroyed by fire. Some of the political wisecracks of the state feel that he "pulled a boner," in street parlance.

To make such a charge it seems only natural that he must have had strong evidence on his side. It is well to remember that a blanket denial has been made by Howard P. Eells, president of the company. The investigation already shows that thousands are tossed around like dollars by the company executive and it is likely that one with his experience will be a pretty tough nut to "put on the spot," particularly by a more or less inexperienced individual like Senator Bunker. On the other hand there are those who admire the courage displayed by the junior senator and they believe he is taking the right track—an offensive campaign. Apparently the senator believes in following the rules of the game as illustrated by the axis powers—a strong offensive is the only way to win.

It is interesting to note the various reactions of political writers throughout the state to the startling events of last week, wherein Senator Bunker came out flat against Bob Douglass, internal revenue collector and Frank Middleton, United States marshal. Both of these men have recognized as capable officials in the jobs they have been handling.

Says Denver Dickerson in his Salmagundi column: "Middleton's ace-in-the-hole has been Edward J. Flynn, Democratic national committeeman, who reportedly

(Continued from page 2)

has been successful in keeping the Nevadan in the saddle. Middleton has made a splendid record as United States marshal and commands the respect of the department of justice."

Bunker has made it clear that he has nothing against Middleton, but says his deputies have been talking too much. He says if Douglass will not resign, without a struggle, he will apply the Hatch Act to oust him. Douglass has stated he will not resign. Fireworks can be expected.

There are those who say Bunker was foolish to incite Middleton's and Douglass' friends against him. On the other hand some feel that Bunker was smart in bringing the fight into the open as he could not expect the support of Middleton and Douglass anyway and it was smart of him to take steps to apply the political axe, so they would be on the outside, rather than on

the inside fighting him.

Here's a thought: It is generally believed that Colonel James G. Scrugham will run against Bunker. Scrugham has never made a public announcement to this effect, but close friends of his in Elko are satisfied that he is going to make the race. Those who claim they know the trends say Scrugham will win hands down. It is fundamental to say he will receive the support of Middleton, Douglass and their friends.

If the administration gets the idea that Scrugham can win easily, there might be some "delays" in removing Middleton and Douglass from their present jobs. After all, Scrugham is as solid with the administration as Bunker. He has generally been considered a "yes" man in so far as the administration is concerned. It seems obvious, too, that Senator P. A. McCarran, who must be figured in all this, does not stand well with the administration. He was an out and out isolationist and he opposed the president on many other points. It is not likely that the administration will move quickly, simply because he wants something done. But even as you apply this reasoning, you must not forget the fact that a request coming from two state senators bears considerable weight upon Capital Hill.

Says Politics in the Reno Evening Gazette: "While Bunker's move to oust Douglass came as no surprise, the Hatch Act charge did, as Douglass has been one of the most persistent 'fence riders' of the political office holders and has never been considered as definitely in the Scrugham camp..."

The Observer in the Nevada State Journal says:

Senator Bunker's strategy is apparent. He can expect little support from the so called Democratic "old guard" and if he can drive the "old guard" leaders into Representative Scrugham's corner, assuming Representative Scrugham is his primary opponent, then he has laid the groundwork for an appeal to the other Democrats of the state to support him as an independent Democrat. It was done in the primary election not many years ago when Richard Kirman was nominated for governor and subsequently elected and the same thing was done in the primary four years

ago when Gov. E. P. Carville was nominated by the Democrats for governor.

The Journal writer is one who doubts whether Bunker pulled a boner and says so in the following words:

Senator Bunker's attack on the management of the Basic Metals, Inc., at Las Vegas was no dumb political move either, according to all reports, regardless of any findings that may be made by the Truman senate committee. It is almost a certainty that there will be a change of management there because federal bureaus handling such projects are quite concerned about the feelings of United States senators.

E. C. Mulcahy, editor of the Sparks Tribune, who knows his way around politically, makes the following comments upon the situation:

"Did Senator Bunker strike too soon, or too late? Can Congressman Scrugham afford to delay another two or three months before telling what he intends to do?"

"These two questions are outstanding in Nevada politics."

"Senator Bunker has not been taken too seriously as a Democratic nominee for United States senator. While everyone has a good word for the youthful sojourner it has been rather on the lines of 'damning-with faint praise.' After praising the senator and his activities most of the politicians proceed to the interesting game of hunting another candidate.

"Bunker has many friends, most of his supporters are among the younger element. He has supported the President and has been in line with his party policies. He has worked hard, and has undoubtedly effected much good for Nevada, but lacks a good press agent. He has been a senator for a year and one half but has not had any of his personal selections in public office in the state, especially in high places, and this has been a disadvantage. Many of the Democratic appointees have been openly against the senator for nomination and election, and have rather increased their opposition in recent weeks.

"There is now only five months before the primaries, and the sudden activity of the senator may or may not, be good politics. It has cemented the opposition that

has always been against him, and if he fails to accomplish his announced objective, he stands the chance of losing additional strength.

"The three things that he has done quickly that must be successful to give him strength are:

"The appointment of Senator Kofoid as U. S. Marshal. This is conceded and will be accomplished in due time as the term of Middleton has expired, and there is no opposition to Kofoid. The senator will win this one.

The second is the ousting of R. L. Douglass as U. S. internal revenue collector, the cream of the federal political jobs in Nevada. Bunker has selected F. M. Young, a resident of Reno for years, but not particularly identified in political life, to succeed Douglass. But the rub lies in getting rid of Douglass. The junior senator says Douglass must resign or he will prefer charges for violation of the Hatch Act by engaging in pernicious politics. To do this takes time, and the senator has only five months to accomplish his purpose. Less time, probably, because he must make his strength felt long before the primaries in order to gain votes. If he fails to oust Douglass in time for the primary then it will weaken the senator in the voting at that time.

The third thing that Bunker has started that must be solved in a way favorable to the senator if it is to accomplish any good for him, is the attack that he has made on Howard Eells, head of the Basic Magnesium Company, and the charges that the taxpayers' money is being wasted by the policies being advocated and pursued by Eells. Few of the voters were aware of any differences between Senator Bunker and Eells until the senator launched charges against Eells and the Basic Magnesium Company in paid newspaper advertisements, and then reiterated charges in public statements in the press, and later was quoted as intimating that the fire that destroyed the Basic plant was 'timely' in that it probably destroyed essential records of of the company that would prove Bunker's contentions.

"If the senator spoke in this strain to the press it was unfortunate as the Truman investigation that is scheduled at the senator's request will make it necessary for him to prove all the things that he alleges, and perhaps more, too, or lose cast with the voters.

"Whether or not there is real

ground for an attack on the Basic Magnesium Company, and on Eells is beyond the question, in an analysis of the political advantages and disadvantages of the junior senator's sudden attack.

"The one outstanding political fact is that Senator Bunker is involved in a primary campaign and unless he wins this fight against Eells and this new industry that employs thousands of men (and that is doubling the population of Clark county) within the next three months, it will probably cost votes at the election."

SALT LAKE CITY, UTAH, TELEGRAM
CH. 25, 10A.
MARCH 20, 1942

Nevada Plant Changes Due, Senator Declares

Says Next Magnesium Hearing Will Deal With Las Vegas Profits

Senator Berkeley L. Bunker of Nevada declared in Salt Lake City Thursday he has "information from the defense plant corporation" that changes are contemplated in management of the Basic Magnesium, Inc., project at Las Vegas.

Senator Bunker on Monday and Tuesday attended a senate committee hearing in Las Vegas which probed operations and finances of the magnesium plant. He sat in the hearing as an ex officio member of the committee.

Senator Bunker, who stopped in Salt Lake City a few hours Thursday en route to Washington, D. C., charged at the Las Vegas hearing that Howard P. Eells, president of Basic Magnesium, Inc., was "inefficient and incapable."

Hearings are to be resumed shortly in Washington. They were cut short in Las Vegas because of necessity for Hugh A. Fulton, committee counsel, to return to the capital for rubber hearings.

Senator Bunker disclosed that he had been informed by the defense plant corporation that the Las Vegas installation was regarded as poorly managed and that changes in the management are contemplated.

Profit Check Planned

He said resumption of the hearing in Washington will deal with profits and management of the Las Vegas plant, now under construction, and would seek to determine "just what kind of check the D.P.C. has on expenditure of funds."

A "careful analysis" of higher salary brackets for officials will be made, he added.

"I feel that expenditures have been excessive," he asserted, and added that while physical construction is only 9 per cent complete, 57 per cent of funds have been expended.

Hat Recommendations

He indicated he would have "some recommendations" to make to the senate, but that he could not now disclose them.

"I am interested mainly in the permanent operation of the project," he said.

The hearing in Washington will delve into a recent fire which razed administration buildings at the big plant. Senator Bunker indicated,

"The fire was portrayed in the local press as being sabotage," he said. "Later, after suspicions had been aroused, it was concluded that neither sabotage nor neglect entered into it."

"The FBI made an investigation and will have the opportunity to testify in Washington as to the cause of the fire."

Senator Bunker was to leave Thursday afternoon for Washington.



SEN. BERKELEY L. BUNKER
Ready for hearing resumption

UTAH EXAMINER
MARCH 27, 1942

BUNKER HOLDS TO MINE VIEW

SALT LAKE CITY, March 27 (AP)—Charges of extravagance and mismanagement at the Las Vegas, Nev., plant of Basic Magnesium, Inc., will be borne out when a congressional hearing is completed, Senator Berkeley L. Bunker (D.-Nev.) predicted in Salt Lake City.

The senator stopped here en route to Washington from hearings in Las Vegas by the Truman committee investigating charges against the operators of the \$71,000,000 project. He said the hearings are to be continued in the capital.

Bunker has charged officials of the magnesium firm with unnecessary expenditures on the miner development program.

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Monopoly Broken, Says Head of Basic Magnesium

LAS VEGAS, Nev., Mar. 24 (UP)

Basic Magnesium corporation, building a huge plant here to produce magnesium for incendiary bombs, broke a monopoly enjoyed by "American concerns operating under German processes," it was charged today in testimony before the Truman senate investigating committee.

Howard P. Eells, Jr., president of Basic, told the committee "were it not for my associates and myself, this nation would be dependent in the main upon one producer, Dow Chemical company, and one fabricator, the Aluminum Company of America."

MAR. 25, 1942
KS. CITY, MO. JOURNAL

Magnesium Official Termed 'Incapable'

Las Vegas, Nev. (UP)—Continuation of an investigation into the war production program "at a later date" was promised today by the Truman Senate Committee after hearing charges the management of Basic Magnesium Company here was "inefficient and incapable."

Closing a hearing on conditions at the plant, now under construction for production of magnesium for incendiary bombs, the committee members said they would return to Washington.

Sen. Berkeley Bunker (D.), Nevada, in testimony before the group, charged that Howard P. Eells, president of Basic, was "inefficient and incapable" of managing the big factory.

SENATOR BUNKER FIRST NAME GRACING RED CROSS ROLL CALL FOR THIS YEAR

Senator Berkley L. Bunker today became the first Nevada resident to answer the Red Cross roll call, according to Mrs. Robert R. Russell, chairman of the roll call committee, and has expressed his appreciation for the honor in a telegram to Mrs. Russell.

In his wire, Senator Bunker said: "I wish the Las Vegas chapter of the American Red Cross every success in this worthy and humanitarian undertaking in behalf of our own unfortunates and the thousands of other suffering people throughout the world.

"I am sure the Las Vegas, true to the charitable and generous instincts which our great state invariably instills in her sons and daughters, will not fail, but will consider it their pleasant duty—no, a privilege—to respond magnanimously to this opportunity to assist in relieving the painfully apparent universal suffering which is rampant at this time.

"No one needs an introduction to the Red Cross. No one is unacquainted with the great accomplishments which, year in and year out, in war or in peace so eloquently testify to its ever-alert, ever-adequate presence. And it is these constantly recurring responsibilities which so effectively insure it to whatever demands may be made upon it.

"We all know that it is our first line of defense, so far as relief of suffering is concerned. And that wherever goes misfortune, there goes the Red Cross. Whether it be floods, famine, pestilence or any other type or degree of disaster, including that ugliest

and most terrifying of all—war—we will find the Red Cross quick to respond and sure to relieve.

"It is comforting, to say the least, to know that we have such an organization, perpetually on guard, as trustworthy as a sentinel, if adequately armed, and it therefore behooves everyone of us to contribute to such arming by cooperating wholeheartedly in this most important roll call ever sounded."

GOVERNMENTAL CONTROL OF B. C. TO BE AIRED BEFORE SENATORS

Protests against governmental control of Boulder City, denying the people of the town a voice in its policies, will be aired before a subcommittee from the United States senate in the courtroom of the federal building in Las Vegas at 9:30 o'clock tomorrow morning.

A delegation from Boulder City was present this morning, when the public land hearings opened in Las Vegas, and they were conferring this afternoon with George W. Storck, special investigator for the subcommittee.

The senatorial subcommittee, of which Senator Pat McCarran, is chairman, took up the matter of grazing fees under the Taylor grazing act this morning. Jay C. Newman of Salt Lake City, special agent of the FBI, was scheduled to speak this afternoon on the

Senator Bunker Speaks in Reno

RENO, Nov. 14 (Special) — Senator Berkeley Bunker was the featured speaker at a meeting of the Reno Young Democrats Wednesday evening. The Nevada solon said that he backed the administration's foreign policy because he "believes that is what the majority of Nevada people want."

Senator Bunker arrived from Washington Tuesday to attend the state Young Democrats' club convention in Ely.

on the B. M. I. pay roll is an executive and draws from \$9000 a year to \$36,000," Sen. Bunker said.

SALAGAMUNDI By DICKERSON

CARSON CITY, Nov. 14 — One year from this week there will be rejoicing in some quarters and wailing in others as Nevadans survey the results of the 1942 general election.

Politics has been on the dormant side the past year but the next eleven months should witness an upsurge in all branches of party activity, reaching its climax in what should prove to be one of the most exciting elections in state history.

Still the No. 1 enigma is Representative James G. Scrugham, who is playing a cagey game to build up even more his strength as a senatorial candidate next year. Scrugham has given no outright indication that he will run for the senate, and until he does the supporters of Senator Berkeley L. Bunker are of necessity forced to withhold their ammunition. Senator Bunker has announced his candidacy for election to the berth he now holds and has expressed to friends his confidence at being returned to the nation's capital.

What will happen in the race for the lone congressional seat in the event Scrugham aspires to the higher spot is anybody's guess, but the gate will be left open and the list of candidates will be a headache to the printers who furnish the ballots.

Governor Carville is bent upon a second term and is doing more practical politics now than at any time since assuming office. The

governor entered upon his gubernatorial duties as a highly popular man. He retained this strength for several months, but his political graph started tobogganing quarter-way in his term. Lack of political acumen and disregard or several of his earliest supporters were two factors that weighed heavily against him. On the credit side of the ledger, however, are the governor's affability, his conservative administration of government and a sincerity in state affairs that cannot be disputed.

The democrats battle each other during the off years, but this is done with the sole purpose of being in trim for the crucial fight against the republicans when the chips are really down.

The G. O. P. faithful are out for blood, but the democrats are determined that their escutcheon shall remain unsullied. As one poetic official remarked recently: "We'll all be screwy by forty-two."

Two employees of the bureau of employment security have obtained leaves of absence to accept positions in the Las Vegas area. They are S. M. Mackenzie, senior field auditor, and Wilfrid Murphy, field auditor for the Las Vegas district.

Mackenzie has opened an accounting office in Las Vegas and is also employed by Basic Magnesium. Murphy is connected with a large iron company as Nevada representative.

If the usual merit system procedure is followed, the vacancies in the department will be filled from the lower ranks within the service.

Asserting that he is carrying out the wishes of the majority of Nevadans in supporting the administration's foreign policy, Senator Bunker was the main speaker Wednesday night at a banquet staged by the Reno Young Democrats as a prelude to the state convention this week end in Ely.

Senator Bunker paid tribute to his predecessor, Key Pittman, and told the group that were Pittman alive he would be leading the ad-

ministration fight in all legislation signed at aiding the democrats.

Alan Bible, deputy attorney general, did a bang-up job as master of ceremonies at the affair, which was surprisingly harmonious for such a heterogeneous gathering.

State Senator Leslie Kotford of Pershing county seems to have a clear field in his candidacy for state president of the Young Democrats. Oliver Thomas of Fallon is the present head of the organization.

DEFENSE PROGRAM MAY BE CHANGED ALL AROUND

Back in Las Vegas for a short sojourn, after several weeks at his duties in the nation's capital, Senator Berkeley L. Bunker of Las Vegas today termed the present international situation as "very tense" and predicted that the revision of the neutrality law may change the plan of the entire national defense program.

He called particular attention to the Japanese situation, which he said was "extremely touchy now, but the administration is hopeful of ironing out the difficulties through negotiations now in progress."

Expressing satisfaction with the national defense program, Senator Bunker said that "we are beginning to hit the stride for which we had hoped in all phases of national defense."

"The people can expect higher taxes, as these defense bills must be met," the senator said, adding that the taxes will not be exorbitant but sufficient to meet the defense needs of the nation.

"Americans can be proud of our navy and particularly of the air force of the navy, which is considered the best in the world," the senator said. "Our navy is considered good enough to influence the British to turn part of the Royal Air Force over to the British navy, a confidential source revealed to me. This has been done because of the success seen by the English in the United States navy air force."

The senator warned that this nation must "brace itself for some casualties at sea," but added that the United States has been strengthened so that there is little to fear from aggression.

He praised the efforts of the officials of the army in whipping into shape a strong armed force, despite lack of materials. He commented that the maneuvers in Louisiana, the Carolinas, and Texas have excelled the "fondest hopes of military experts of the nation."

Senator Bunker arrived in Las Vegas yesterday and will remain here until Friday, conferring with southern Nevadans regarding local problems.

He has just come from Ely, where he attended a convention of the Young Democratic club of Nevada, of which he is a past president. From Las Vegas he will travel to Reno, thence to Elko for a convention of the Nevada farm bureau on December 2. At the close of the session there, he will return to Washington.

Bunker Will Back Roosevelt Policies

RENO, Nevada, Nov. 13, (UP) — Senator Berkeley L. Bunker, democrat, of Nevada, addressing a young democrats' banquet here last night declared that he will continue to vote in the senate to

carry on the Roosevelt administration's foreign policy.

"I have tried to act and vote according to the wishes of the people of Nevada. I am willing to risk my future on the foreign policy of the government.

Senator Bunker praised the late Senator Key Pittman's work in organizing the young democrats.

Bunker Is Feted At Camp Sibert

Senator Berkeley L. Bunker, democrat of Nevada, was the guest of officers and men at Camp Sibert yesterday at the first Thanksgiving dinner held at the 524th military police battalion camp in Boulder City.

Senator Bunker, accompanied by his aide for the day, Major Joe P. Price of the 524th military police battalion and his escort, Lieutenant Colonel Henry H. Vickrey, post commander, Lieutenant Colonel Paul R. Taylor, Commander and First Lieutenant Gerald R. O'Melveny, adjutant of the 524th military police battalion, and First Lieutenant Frank B. Thrailkill, post adjutant, made a tour of inspection of the various working parts of the camp.

Following the tour of inspection, Senator Bunker was feted at a Thanksgiving dinner held in the station messhall.

Accompanying Senator Bunker on his tour of Camp Sibert was Frank Gusewelle, Texaco products distributor of Las Vegas.

Cooperation Urged for Southern Nevada Growth

Great Industrial Empire Foreseen By Many Speakers

Co-operation, which, if gracefully given on each side, will build the Las Vegas area into the "greatest industrial empire in the southwest," was the keynote of the get-together meeting of Las Vegas business men, Basic Magnesium plant officials and air corps gunnery school officers, held last night at El Rancho Vegas.

Sponsored by the junior chamber of commerce of Las Vegas, the meeting attracted more than 200 local business men and women of the city, and turned into a very interesting meeting as the citizens of this area learned about the newly arrived industrialists, and they, in turn, learned about Las Vegas and its history.

McCarran Keynotes

The meeting was keynoted by Senator Pat McCarran's address, in which he said: "With open hand extended, we receive you, and with open arms welcome you. Play, play and play, so long as you recognize your fellow man's right to do likewise."

McCarran's was the principal talk, but during the evening the guests and visitors were provided information by A. E. Cahlan, editor of the Las Vegas Review-Journal, Major H. W. Anderson, executive officer of the air corps gunnery school, Tom Hull, of the Hull Hotels, D. W. Stewart, project manager-production of Basic, Max Kelch, of radio station KENO and Senator Berkeley Bunker. Cahlan, in his talk, declared: "Las Vegas has gone a long way in the last few months. And yet, it is just a beginning."

He paid high tribute to C. P. Squires, editor of the Age, for the part he played in the development of the Boulder dam, and Max Kelch for the enterprise which brought KENO to this area.

Job of Papers

Launching into the part the newspapers can play in this development, Cahlan said: "The most important job of the newspapers is to co-operate with the forces which are bringing growth to this area, and to present to the older residents the plans for development and the problems faced by the new residents."

"There is a big job to be done," Cahlan said, "and it can be accomplished only by a mutual understanding of problems confronting both the older residents and the newcomers. The newspapers' job is to properly present the truth and to stifle rumors."

"It's our job to get the facts and give them to you in a clear and concise manner," he said.

Anderson Speaks

Major Anderson traced the development of the air corps gunnery school and paid tribute to the men of the new army.

"They're a typical cross section of young America," he said. "They like Las Vegas and want Las Vegas to like them."

"It has been a marvelous experience to watch the growth of relationship between the public and personnel. We have had problems, and many of them, but the people of Las Vegas have aided us

greatly with a fine co-operative spirit.

"There has been plenty of entertainment for the soldiers here. The men have been treated royally, and many of them have been invited into the homes of Las Vegas residents and feted wholeheartedly."

He paid tribute to the newspapers for building morale high in the local school, and to the junior chamber of commerce for the excellent cooperation shown.

Hull thanked the people of Las Vegas for their acceptance of his business venture here, and said: "Of course, I had no idea of the activity that was to follow, and it's a happy surprise."

He called attention to the work of advertising Las Vegas his organization has done and said: "You have been more than kind to me, and I am happy to be a resident of southern Nevada."

Bunker Talks

Senator Bunker, who followed Hull, said: "This development in southern Nevada is like a dream come true. I remember the first automobile which came into Moapa valley, and I remember the first radio, Las Vegas, at that time was not a large community."

He said that the possibilities here were unlimited for southern Nevada, and progress will come through enterprising business men in Las Vegas.

He characterized Howard Eells as "a typical all-American full-back" of the business world who gets things done and will lead southern Nevada to a high place in the industrial world of the nation.

"Unity is the battle cry of the nation today. There is no job too big for America if there can be unity. There is no job too great for southern Nevada, where unity prevails," he concluded.

McCarran Keynotes

McCarran, in sounding the keynote of the meeting, traced the development of the state of Nevada, saying that "except for courage and the venturesome spirit of the pioneers and sons of the pioneers, this area might yet be a howling desert."

"The pioneers, and the sons of the pioneers, have given us a progressive state government, which is the one sound state."

"This community has given to the world an exemplification of human courage and human liberty, for here we live at peace with our fellow man. We hope that our neighbor prospers as we prosper, and those who toil by our side are given support. That is the spirit of Nevada. That is the spirit in which we greet you—with open hand extended to receive you and open arms with which to welcome you."

Expresses Hope

"It is my earnest hope," McCarran said, "that progress never will be stayed by conflict between those who give the opportunity to toil and those who toil."

He then launched into a description of the "torn and bleeding world," which looks to America for assistance, and concluded with the statement that "I assure you co-operation for the future,"

and insisted that "to live in southern Nevada and the battle-born state is to be the happiest person in the world."

Bill Levings, of the junior chamber of commerce, acted as toastmaster for the evening, and during the program introduced Colonel Martin Stenseth, commanding officer of the gunnery school, C. B. Sexton, chairman of the public service commission, Wally Warren, of the defense bond committee, Guernsey Frazier, and Ralph Adams, officials of the magnesium plant, and C. S. Wengert, vice president of the First National bank.

Las Vegas Review Journal
October 24, 1941

SALAMAGUNDI

By DENVER S. DICKERSON

CARSON CITY, Oct. 24.—Post-

master Pete Petersen of Reno comes up for reappointment in the near future and there are already rumblings of opposition from one congressional quarter.

Petersen is recommended for appointment by Senator McCarran and there is no doubt but what Senator Bunker will join in endorsing him. Representative Scragham, however, may attempt to make things a little difficult because of the fact that (1) He doesn't like Senator McCarran and (2) He resents the political activity of Petersen, who presumably comes under the Hatch act.

Scragham was one of the principal speakers at the state postmasters' convention here this summer and directed some pointed remarks at Petersen's extracurricular duties as trigger man for the senior senator. Scragham's barbs hit home because Senator McCarran and Petersen were only two seats away. One person at that banquet mentioned later that the congressman was so close (literally, of course) to the senator that he could have hit him on the nose with his butter knife. This same observer added that "for a time I thought he was going to."

The bulk of postmaster patronage falls to the representative as each senator has only the appointment of the postmaster in his home town. Senator McCarran naming the Reno postmaster, and Senator Bunker recommending the one in Las Vegas.

It was the state department of education that successfully amended the law in the last legislative session, eliminating the clause that closed Nevada public schools on Admission Day. Mildred Bray, superintendent of public instruction, pointed out that the apportionment of school funds is based upon attendance.

The education officials are hardly consistent, however, as they decree a week's holiday in the fall to allow the teachers to attend institute. This usually

comes just when the student is getting into the swing of things. If the institutes were held a week before school opened, the department of education would have several holidays to spare, the teachers would still learn how to teach, and the student's schedule wouldn't be disrupted.

This column has often pointed out how state officials were gradually realizing the benefits of smart public relations. An incident that turned up this week makes us believe that at least one official is ready for a blue-ribboned diploma for the smartest coup d'etat of the season.

The principals in this little drama are Governor Carville and Secretary of State McEachin, whose sporadic feud is the only bright spot on a sometime dismal political horizon.

Governor Carville announced last week that his office would be open for a time on Admission Day October 31 to allow visitors to pay a visit. Considering the fact that Carson City plays host to approximately 20,000 persons on that day, the governor's idea was not without merit.

The fly in the ointment, however, came with a similar announcement from McEachin. The secretary of state went the chief executive one better; he's not only going to have his office open but is putting on display the original Nevada constitution and

SALAMAGUNDI

By DICKERSON

CARSON CITY, Nov. 28 —

It was reported unofficially this week that Senator McCarran has submitted three names to the attorney-general's office for consideration as United States marshal for Nevada. The names reportedly sent in for routine department of justice investigation are: Peter A. Burke, Reno printing salesman; Matt Murphy, state mine inspector, and E. L. Nores, Pioche publisher.

Frank Middleton, appointed to the marshal's post by the late Key Pittman, is still holding down the berth as the first attempt to remove him bogged down in an aura of mystery. Senator McCarran had previously recommended James Whalen of White Pine county for the marshalship, and Senator Bunker later joined in the recommendation. Despite the wishes of Nevada's two senators, Whalen's name never got beyond the presidential desk—or wastebasket.

Senator Bunker was jockeyed into an untenable position on the Whalen deal, but he won't be burned twice by the same source. On his recent trip to western Nevada Bunker let it be known that he is perfectly satisfied to have Middleton remain in the saddle. Several aspirants for the job approached Senator McCarran and were told that he would recommend them if they could get Bunker to do likewise. The junior senator politely but firmly declined.

Of the three present candidates, it appears that Murphy has the inside track. Burke has eliminated himself from the picture as he recently purchased half interest in a labor newspaper and commercial printing plant in Reno. Nores was once an active candidate for warden of the state prison. According to the story that went the rounds at that time, the Pioche man told friends he had received assurance from Governor Carville that the wardenship was in the bag. When a large package arrived from the executive chambers in Carson, Nores naturally thought it was his com-

mission as superintendent of the state police and ex-officio warden. Alas and alack—it was only a framed picture of the governor, sent, apparently, as a sort of consolation prize.

John Bonner, White Pine county district attorney, is quietly laying the groundwork for a campaign he hopes will land him on the bench as district judge. Bonner defeated the present judge, Harry Watson, when the two ran for district attorney, and he figures he can turn the trick in the judicial race. Succeeding in that, the young attorney would like to round out his political career with a seat in the lower branch of congress.

We've always been one of Representative Scragham's most ardent rooters, but our enthusiasm reached an all-time high this week with the receipt of an important document from the congressman.

Its dull title, "List of Available Farmers' Bulletins and Leaflets," is misleading at first glance, but a close perusal brings out many startling facts. As one who learned the rudiments of agriculture the hard way — at the state prison farm — we were naturally interested when Scragham said in a letter that he would send us the requested booklets.

After mulling over the list of titles, we are sending for the following:

Raspberry Culture—This booklet should definitely improve our column, with an election year in the offing.

County Hides and Skins—Skinning, Curing and Marketing—Same as above.

Cooperative Bull Associations—Democratic or Republican?

Diets to Fit the Family Income—The government not only tells us how much to make but how much to eat on what we make.

Making Cellars Dry—We didn't send for this one.

Senator McCarran stole the show from the remainder of the Nevada congressional delegation this week by announcing the ap-

proval of the 12,000,000 army air base in Lemmon Valley. Representative Scragham and Senator Bunker were both in Las Vegas so the senior senator had the stage all to himself.

With the artistry of an Edwin Booth, Senator McCarran called a meeting of Reno business and civic leaders, leaving Las Vegas Monday and driving all night to get to the scene of the spectacular episode.

When the group was assembled the senator made his dramatic announcement, pausing in the right places for effect, and rounded it out with a blood-pulsating accolade to his native Reno and his native state. The Reno radio station gave the senator time to announce it to the air listeners, while the Republican Reno Evening Gazette, in a story NOT written by the regular political reporter, ran a McCarran autobiography on the obvious political gesture.

Needless to say, Scragham and Bunker are not too happy at having their thunder stolen. Scragham is particularly rankled by the fact that he was fully responsible in securing the base.

BUNKER ATTENDS RITES
Senator Berkeley L. Bunker, junior son of Nevada, was named by Vice-President Henry A. Wallace to represent the senate at the funeral of Senator Alva Adams conducted in Colorado today, according to information received here.

ENGINEER COMING TO SURVEY NEED FOR NEW TOWN

WASHINGTON, Dec. 4. (WNS) —No decision on the construction of a new town to house workers at the magnesium plant will be made until a Defense Plant corporation engineer has gone over the ground thoroughly, it was announced here today by Senator Berkeley L. Bunker. The engineer will be sent to Las Vegas immediately, Bunker said.

Senator Bunker, who flew here to oppose the separate townsite, has pledged an all-out fight for the location of the new homes in Las Vegas and Boulder City which, he says he is convinced, "90 per cent of the people in southern Nevada want."
J. D. Platt, Basic Magnesium Inc. representative, has told the Defense Plant corporation that the facilities and utilities in Las Vegas will not stand such expansion and that a separate town will save the Las Vegas residents taxes.
Bunker has submitted contradictory facts.

SENATOR BUNKER LAUDS RR WORKER LEADERS ON PACT

WASHINGTON, Dec. 4. (UP) —Senator Berkeley L. Bunker, democrat of Nevada, today praised the "astute and diplomatic" manner in which representatives of 1,200,000 railroad workers and the nation's carriers negotiated a compromise in the wage dispute which caused a strike threat.
Speaking on the senate floor, Bunker praised the railroad brotherhoods for loyalty and patriotism in settlement of a "very delicate question."
"They are to be commended," he said, "for the enlightened procedure which they have followed in this instance. Over a period of years this group of American workers has adopted and developed a loyalty to the job and a patriotism for which they should rightfully be lauded."

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BUNKER BLASTS "MINORITY" WHICH AGITATING NEW MAGNESIUM TOWNSTE

WASHINGTON, D. C., Dec. 11. (WNS)—Senator Berkeley L. Bunker today charged that the "minority" which is agitating for creation of a new townsite to house magnesium workers are motivated by visions of personal financial profit.

He made this charge in a letter to Sam H. Husbands, president, Defense Plant Corporation, in which he outlined advantages occurring from having Las Vegas and Boulder City absorb these new workers.

"Ninety-five per cent of the people in southern Nevada are strenuously opposed to the creation of a new townsite," he said. "Of the remaining percentage there is a group of individuals who would profit personally, and financially from the building of a new townsite."

He cited the following advantages of building new homes in Las Vegas and Boulder City:

1—Immediate availability of banks, theaters, department stores, complete transportation

system; public buildings, parks, recreation centers, social functions.

2—An established police force, which would need only to be expanded.

3—Basis for expanded school, hospital and sewage facilities. A new townsite would mean complete construction of these facilities, at total cost to the government, while expansion of existing facilities in Las Vegas and Boulder City would require only a loan-grant arrangement.

4—Utilities would be furnished by present operating companies at no cost to the government. In event of reluctance by present operating companies, Senator Bunker said he had been assured by the "Mayor and City Commissioners" that a municipal corporation will be established if necessary.

5—Existing private building contractors and real estate men have expressed willingness to construct 25,000 new homes in Las Vegas and Boulder City. FHA has indicated it will insure home construction mortgages within these two cities, but not at a new townsite.

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No New Defense Plant Town To Be Built Says Bunker

Houses Will Be Built In Las Vegas, Solon Says

Senator Berkeley L. Bunker has been advised by Defense Plants corporation officials that indications now are there will be no new town built at the magnesium plant, he announced today from his Washington office.

"When I returned to Washington at the request of the Las Vegas business men, to make the fight for additional housing allotments, I discovered the recommendation had already gone thru for the new town, and that in all probability Las Vegas' growth would be greatly curtailed," the Senator said.

Convinces Officials

"I immediately threw the full weight of my office in the balance in an effort to convince those responsible that there is no need for the new town and that the housing should be built in Las Vegas.

"At my request, Defense Plants launched a new investigation to determine the facts, and I was advised this morning that the results have been most favorable to Las Vegas' cause.

"They have found it much more economical to build the houses in Las Vegas than to construct a new city. They have found that Las Vegas wants the housing there—that utilities, sewer and water can be furnished. That the school system can be expanded to take care of the children coming in, and that there are builders on the ground ready to build 10,000 houses if necessary.

"While the final decision is not to be made until next week, I am now certain that the magnesium plant housing will be built in Las Vegas and Boulder City, and that the plan for a new city will be abandoned.

Water Oke

"Water company officials have indicated they will be able to take care of the situation for three or four years. After that, it will be a question of getting water in from the lake. Defense Plants will help us with that.

"I discussed the sewer system also, and was assured the city could expect government aid in expanding the present system.

"It was a hard fight, but I am most happy to report success. It will mean much to the future development of Las Vegas and Boulder City."

Senator Bunker flew to Washington immediately after Las Vegas had been notified priorities for new residential construction had been cut to 300. After a conference with representatives of the Las Vegas chamber of commerce, he said he was convinced Las Vegas wanted the development here, and that he might be in a position to bring it about.

"I felt it was my duty to put up the fight, and I have. I am very happy over the result," the senator said.

Now We Start---We Hope!

Senator Bunker's announcement yesterday that there would be no new town built at the magnesium plant, and that all new housing would be concentrated in Las Vegas and Boulder City, should definitely settle this matter once and for all, and, we hope, clear the decks for action.

Ever since last August, when the first drive for houses was launched, we've been experted by various and sundry Washington agencies, each with a view to doing something to be sure plenty of homes were ready when construction and operating forces moved in.

It is conservatively estimated that no less than fifty government authorities on housing have been here in the interim (there were twelve in one group). Each has turned in a report to his (or their) particular department head. Each time there was a new report, there was a new ruling on number of houses to be built, where they were to be built, whether they'd be government-financed or privately built, how many priorities were to be issued and where.

One expert barely got on his train headed back when another dropped in by plane. It has been a continuous parade. Things had reached the point where nobody knew where they stood and Washington's right hand knew not what the left was doing. FHA didn't know from one day to the next what Defense Plants might decide, and Defense Plants hadn't the least idea what OPM might be doing in the same field. Defense Housing was interested, but didn't know exactly where.

The result was chaos—complete and ruinous. With the specter of the new town being built, contractors were reluctant to proceed with housing projects on a large scale, FHA was prone to hold back on commitments, OPM frankly wasn't interested in issuing too many priorities for homes—none at all for new businesses, for after all, wouldn't a new town necessarily have business houses of its own as well as residences?

The delay in getting new houses started, the \$100 a month rentals for \$40 dwellings, the acute housing shortage throughout the entire area, can be charged directly to four months of indecision regarding the new town. Had somebody made up their mind in the beginning—one way or another—the housing jam would have been broken long ago.

The matter was finally brought to a head when OPM announced that only 300 housing priorities had been approved for Las Vegas. That aroused the business interests of the community and sent Senator Bunker back to the capital by plane to force a decision and get housing started.

It was no easy task, especially in the midst of the turmoil and excitement of a war starting. But it was accomplished, and in an extremely satisfactory manner.

As a result of the senator's efforts over the past three weeks, we are now assured there will be no new town built, that Las Vegas and Boulder City have been allocated 2000 and 300 homes respectively, that the Las Vegas sewer project will shortly be approved, and that the housing will be handled by private capital, which is also important.

The cooperation of the Las Vegas city commission, particularly Mayor Howell Garrison and sewer and light commissioner Pat Clark, has been vital in bringing about a solution to the problem.

Unless there is another reversal of policy, which does not now seem likely, there's nothing left in the way of an immediate start of housing construction in Las Vegas and Boulder. There is NO time to lose, especially since we're four months late in getting under way.

BUNKER SEES VEGAS AS THE LARGEST CITY IN NEVADA

SALT LAKE CITY, Nov. 19. (UP)—Senator Berkeley Bunker, democrat of Nevada, youngest member of the U. S. senate, pre-decided here today that his hometown of Las Vegas soon would have a population of 30,000—making it the largest city in Nevada.

Here to confer with federal grazing officials, Bunker said that Las Vegas, which now has a population of around 13,000, would more than double its size under the impetus of national defense projects in the southern Nevada area, including a large, new magnesium treating plant.

Senator Bunker voted against the bill which provided \$4,500 to each senator for an executive assistant. Senator McCarran voted for the measure, which passed the senate 53 to 30, but was killed in the house.

Conservative senators branded the bill a pork-barrel measure to provide declining senators with high-powered press agents.

Before the bill was killed by the house it was reported in western Nevada that Senator McCarran might name J. O. Epperson, Gazette political writer, to the post, thereby removing one of his most consistent—yea, persistent—critics.

SALAMAGUNDI
By DICKERSON

Las Vegas Review Journal
January 1, 1942

Senator Bunker Cancels West Trip

Senator Berkeley L. Bunker has cancelled plans for a trip west in order to remain in Washington and see the Las Vegas sewer project through, he advised Commissioner Pat Clark by wire today.

Senator Bunker has been working on the project ever since the application went in, and has been attempting to get the file out of the Los Angeles office where it has been lodged for several weeks.

He wired Clark today stating he had been assured by Wright Felt, FWA director for this district, that the docket would be out of Los Angeles and headed for Washington by the end of the present week.

The sum of \$850,000 has been set aside for the project, Bunker has advised Clark, and Washington approval is expected to follow the arrival of the approved application.

Las Vegas Review Journal
January 30, 1942

SALMAGUNDI



By DENVER DICKERSON

CARSON CITY, Jan. 29—The voting records of senators Pat McCarran and Berkeley L. Bunker on important measures during the past year clearly demonstrate that they are as apart as the poles on matters of administration policy. Senator Bunker is almost always listed in the administration column, while Senator McCarran is leagued with those who are opposed to many policies of the new deal.

This situation, which on the surface would appear to work inimically to the state's best interests, is a healthy one from which Nevada stands to gain even more in the way of legislative largess.

The favors Senator Bunker seeks are granted readily by an administration that appreciates his consistent support. Senator McCarran, usually an administration foe, is nevertheless a power to be reckoned with and there have been numerous instances when the cloakroom strategists have done plenty of old-fashioned horse trading to bring the recalcitrant Nevadan into the fold.

This column has frequently criticized Senator McCarran, first for isolationism and later—when the wind changed—for his "isolationism," a fence-straddling attitude halfway between the two prewar schools of thought. Yet fairness forces the most prejudiced observer to admit that the senior senator has been a good representative for the state as far as results are concerned. Letters from his Nevada constituents are answered the same day they are received, and the countless favors he has performed in his senatorial capacity would fill an ordinary Congressional Record. It is regrettable that McCarran doesn't devote more time to his domestic (Nevada) policy and let President Roosevelt handle our broader international problems.

Senator Bunker, who entered into his duties with two strikes on him and a curve coming, has, by quiet yet untiring plodding, gained considerable political strength in the past twelve months and will be no soft-touch for anyone, including Representative Scrugham, whom most observers concede to be the strong-public figure in the state.

All in all, Nevada has a good working team in the senate although the two are far from being political bedfellows. One's faults are the other's virtues, a situation that can be likened to a roulette game with a chip on the red to cover a possible loss on the black.

Las Vegas Review Journal
February 12, 1942

Population Survey For Sugar Ration Asked by Bunker

Through Senator Berkeley L. Bunker of Nevada, a special study of the present population of Las Vegas is being made in relation to sugar rationing, according to word received by the Las Vegas chamber of commerce from A. E. Bowman, chief of the sugar section of the food supply branch of the office of production management of the federal government.

It is understood that sugar rationing for communities will be based on the February, 1941, population figures. Because of the big increase in the population in Las Vegas resulting from establishment of the air corps gunnery school and the magnesium plant construction, Senator Bunker has taken steps in Washington to show Las Vegas' needs to be much greater than a year ago.

On instructions from the senator, R. B. Griffith has collected data on estimates of population from the Las Vegas postoffice, the local bank, the chamber of commerce, and the Review-Journal. An average of these population estimates shows that the Las Vegas valley population in February, 1941, was approximately 11,750, and that the population now is approximately 19,250, Griffith reports.

This information has been forwarded to the office of production management for consideration in the sugar rationing for Las Vegas.

Las Vegas Review Journal
February 17, 1942

The Wishes of the People

(Reno Evening Gazette) 2/17

Senator Bunker of Nevada finds that public criticism that descended upon congress after it enacted the pension grab was "pointedly reassuring—in a timely hour—that the sovereignty of our government still reposes in the people."

The Nevada junior senator, who voted for the grab, promises that he will support legislation for repeal of the pension program. "Thus," he says, "I expect to respond to the plainly voiced wishes of the people."

It is unfortunate that the plainly voiced wishes of the people couldn't have been made known earlier to their representatives in congress. But this legislation was passed so quickly and stealthily in both houses of congress that the people had no opportunity of expressing their wishes.

No statement has been issued by either Senator McCarran or Representative Scrugham concerning their stand on the repeal movement. Perhaps they see less necessity for haste, since the former was "necessarily absent" when the final vote on the grab was taken in the senate and there was no record vote in the house. It is to be hoped that Senator McCarran has changed his views concerning the desirability of the legislation since his recent visit to Reno, during which he charged that it was not nearly so reprehensible as some newspapers had pictured it.

Possibly the Reno Chamber of Commerce resolution condemning the grab and its request for repeal will elicit a response from Senator McCarran and Representative Scrugham similar to the one yesterday from Senator Bunker.

In the meantime, it is "pointedly reassuring" to the people of Nevada—just as it was to Senator Bunker—to learn that "the sovereignty of our government still reposes in the people." There have been times when there was legitimate basis for fear that sovereignty had passed into other hands—their representatives in congress, for example.

Las Vegas Review Journal
February 27, 1942

Given Approval of Vice President



Vice President Henry Wallace, right, wishes Senator Berkeley L. Bunker, of Nevada success in his campaign for the democratic nomination for the senate in the Nevada primary next September. Bunker is the youngest member of the United States senate and will seek re-election this year.

Bunker To Seek Senate Post Again

discussing his plans with Vice President Wallace, a close friend. "I intend to seek the democratic nomination for the senate in the September primary," he said.

"It is always my purpose to help preserve Americanism which now is threatened by our enemies who have laid a heavy hand on much of the world. Only by a mighty effort can we preserve our heritage of life, liberty, and the pursuit of happiness for our children and our children's children."

"Second only to that main purpose are the interests of the state of Nevada. I shall continue to present to congress and the executive branches of the government the ways in which Nevada and her resources can contribute to a successful prosecution of the war."

Bunker came to high places in the councils of his party by the hard way.

He was president of the young democrats of Nevada in 1938. He was elected secretary of the Clark county democratic central committee and served in that role from 1937 to 1940. He was elected to the assembly of the state legislature in 1935, 1938, and 1940, and was speaker of the assembly in 1939.

Bunker To Seek Senate Post Again

WASHINGTON, Feb. 27 (Special)—Berkeley L. Bunker, youngest of the nation's 96 senators, today said he would ask the voters in Nevada's fall elections to return him to the senate to complete the four remaining years of the late Senator Key Pittman's term.

He was appointed by Governor E. P. Carville November 27, 1940, to fill the vacancy in the senate caused by the death of Pittman, a veteran Nevada democrat, who was widely known as an authority on monetary legislation and international affairs.

Bunker, also a democrat, was born at St. Thomas, Nevada, which is now covered by the waters of Boulder dam. His home is in Las Vegas. He will be 36 August 12.

He announced his political intentions in a brief statement after

THE FACTS ABOUT BMI'S COMPANY TOWN

A Statement by Senator Berkeley L. Bunker in Answer to Howard Eells, Jr.

"This is the first opportunity I have had to discuss with you in detail, developments in the Las Vegas-Boulder City area since my name has been publicly discussed in connection with the housing problem. I shall address myself more particularly to this subject.

"My first knowledge of the proposed Magnesium Plant came about through a meeting, held early in the Spring of 1941, of the Nevada Congressional Delegation, the President and the Attorney of Basic Magnesium, Inc., Major H. J. British, Magnesium Expert, the Governor, and members of the Nevada Colorado River Commission.

"The meeting was held at the Mayflower Hotel in Washington, D. C. During the course of the evening, Mr. Eells rehearsed in some detail the proposed plan now in operation near Las Vegas. He also stated that his company planned to build a community of their own for the housing of its employees. My distinct impression at that time was that the community was to be built with Basic Magnesium funds and not tax-payers' money.

"Shortly after this meeting letters began to come to my office seeking concessions in the proposed new town site. It then became incumbent upon me to find out from the Defense Plant Corporation, after the contract had actually been signed for the building of the plant, just how these concessions were to be handled. This was necessary to properly represent my constituents and answer their inquiries.

"I inquired of Mr. Joe Rice, an official of the Defense Homes Corporation, concerning these concessions. Mr. Rice must have gotten in touch with the officials of Basic Magnesium, Inc., because within a few days I was visited by Mr. J. B. Platt, Vice-President and their Washington representative. His statement to me was "Senator Bunker, I have come, on behalf of Basic Magnesium, to ask you to call off the dogs on the proposed town site." He gave to me the company's reasons why the town should be built. I made particular inquiry into the operation of the town as to how the concessions were to be handled. He advised me that it was only natural that the company intended to control these concessions and receive revenue from them, but since I had brought the matter out in the open, he was afraid they would not be able to do this.

"By diligent inquiry in Washington, I learned that the idea of a new town, company controlled, originated in the minds of the officials of Basic Magnesium, and was not proposed by the Defense Plant Corporation or any other governmental agency. While I was inquiring into the operation of the proposed new town and before I had made any protest, I received a telegram from Mr. Eells, asking me to cense my opposition to the town.

"During a trip to Nevada in November, 1941, I was waited on by a group of Southern Nevada business men who had met with considerable difficulty in getting the proper cooperation from the local water and power companies in providing water and power for local housing. During the course of several days conferences, the fact was brought out that a conservative survey by the Federal Housing Authority, revealed that prior to the advent of Basic Magnesium there was an acute need for seven hundred homes in the Las Vegas area. Due to the agitation for a proposed town site, priorities on these homes had been

reduced to two hundred in number, due to influence brought to bear on the Office of Production Management by certain individuals who were interested in the building of the company controlled town. A large majority of the business men of Southern Nevada asked me to return to Washington immediately to inquire thoroughly into the whole matter of the advisability of constructing a new town with tax-payers' money. I dropped all other plans and returned to Washington at once.

"When I reached the capital I advised the Defense Plant officials that the vast majority of the people in Southern Nevada were anxious to assist in providing additional homes for magnesium workers. I assured these officials that we had competent and responsible contractors with sufficient private capital to construct the necessary homes without cost to the tax-payers, but that private capital would not go ahead so long as there existed the threat of a new town to be built with tax-payers' money. The President of Defense Plant immediately dispatched one of their engineers, Mr. Morton McCartney, to Southern Nevada to make a detailed survey of the situation. He conferred with City and County officials, the Las Vegas Chamber of Commerce, various business men's organizations, and public utilities. Mr. McCartney reported that the most practical solution of the housing problem in the Southern Nevada area was two thousand homes to be constructed in Las Vegas, three hundred in Boulder City, and one thousand demountable houses at the plant site. This decision was made and a copy of the same was sent to my office in Washington.

"Notwithstanding the fact that this decision was considered to be the most practical solution to a critical problem, Mr. Eells continued to vigorously advocate the building of a company owned town.

"In a speech made by Mr. Eells on the housing problem, a part of which was reported in the columns of the Las Vegas Evening Review-Journal, he placed the responsibility of the lack of housing on me, when, in reality, it was a result of his selfish interests in the promotion of a company town.

"The cost to the tax-payers that would be entailed in the building of a company owned town evidently was never considered by Mr. Eells. The construction by private capital of twenty-three hundred new homes at Las Vegas and Boulder City will save the tax-payers close to ten million dollars and will allow hundreds of magnesium plant workers to purchase homes rather than pay tribute to a monopolist who sought to build a company town with tax-payers' money. Representatives of Basic Magnesium sought to have the Federal Government put up sixteen million dollars for a company city to house all workmen to be employed by the plant.

"My opposition to his scheme has been sincere, real and vigorous. My reasons for this opposition have multiplied many times. The only thing that has caused private builders to delay construction of housing facilities for the magnesium plant workers had been the constant agitation of Basic Magnesium representatives for a governmental financed town. Recent approval by President Roosevelt of a \$787,860 Defense Public Works allocation for the extension of the sewage system in Las Vegas is the final rejection of the company town idea. The sewage extension will take care of new homes in Las Vegas, including those for defense workers. Present plans provide for con-

struction of barracks at the Magnesium Plant site to care for three thousand single men, one thousand trailer houses at the site, and one thousand demountable houses at the site, to relieve the peak load during the construction period, two thousand homes in Las Vegas and three hundred homes at Boulder City. It is estimated that the Government's total outlay under this plan would be less than six million dollars for schools and other facilities, hospital additions, and housing, including housing projections at the plant site—a saving of some \$10,000,000. The Federal Housing Administration will cooperate in a plan to permit workers to buy their homes from private contractors or construction companies—in some instances without any down payment. The cost of homes will average about four thousand dollars each and the interest charge will be low. Construction is now going forward at Las Vegas with 238 foundations already laid. Part of these homes will be ready immediately and an increasing number will be made available every two weeks until one thousand are completed by early June. The remaining one thousand will be completed in a shorter space of time. Similar plans are ready for construction at Boulder City.

"Besides the saving to the Federal Government—which is certainly a major matter in this national crisis—there are many other reasons why a new company town should not be built. I anticipate that spokesmen for powerful interests, who have gone so far as to threaten to quit me from the Senate on grounds they haven't made clear, will rave and rant that there is not a word of truth in my utterances.

"I am going to give you some of the facts I look into consideration. Time will disclose much of this story remains to be told. A professional man in Reno wrote to a prominent business man in Las Vegas and told him that he could get a concession in the new town for \$5,000. Who was to get the money for the numerous concessions that would have been sold? Why should any concessions be sold? Who was going to run the town? Who usually runs company towns? Who would influence the price of groceries, clothing, rent? For the answers all one has to do is to look at some other company town.

"After the Federal Housing Administration had actually made a survey in Las Vegas, showing the need for 700 new homes exclusive of Magnesium plant workers' needs, certain interests behind the company town idea brought pressure to bear on the Office of Production Management so that priorities were cut to only 200 houses in Las Vegas, Nevada.

"A very few business men in Las Vegas took the responsibility of advising the Defense Plant Corporation that the people of Las Vegas and Boulder City did not want the additional houses in their two communities, whereas the truth is that the vast majority of the people of Las Vegas and Boulder City do want the houses built in these communities and are opposed to the building of a company town by tax-payers' money. Many Las Vegas and Boulder City residents will be thrown out of work by the shift of war industries and suspension of many normal activities. They will gladly take employment in the Magnesium plant. There is no reason why they should live in a company town. They are already housed.

"The idea of a company town did not originate with the Defense Plant Corporation or any other Federal Agency. The Defense Plant Corporation

needs its money for defense plants and we need defense plants badly to win this war.

"Finally, I am opposed to the Federal Government competing with private industry more than is absolutely necessary. It already has encroached upon too many state's rights. The more private industry is encouraged to do its part—as it has been by such agencies as the Federal Housing Administration—the less danger there is of any radical change in our form of government.

"The unprecedented public utterances—as quoted by the Las Vegas Evening Review Journal—by Howard P. Eells in his personal attack on me gave rise to the thought that the housing situation was being used as smoke screen to keep public opinion from being focused on other activities relating to this project. The social and commercial activities of Las Vegas—up to and including the advent of the magnesium plant—were quite successful in establishing a growing and prosperous community, and the statement of Mr. Eells that he had not received cooperation in the area is unfounded. The business enterprises of Las Vegas have expanded their facilities with private and personal funds for the purpose of serving people brought here by this enterprise and they stand ready to meet any and all conditions which may be placed upon them by the war effort in this area.

"Even the most hasty survey of the local situation reveals many disturbing factors that should not be found in a war project. Not the least of these is the proposed political ramifications of this project which are without precedent in the State of Nevada.

"There are capable industrial engineers who are entirely qualified to place the operation of this vital project on an immediate war basis. Construction forces are doing a magnificent job.

"In my opinion recent developments—including the costly fire at the plant—call for a complete and thorough investigation of this entire operation, by the Truman Investigating Committee of the United States Senate. Should such an investigation disclose incompetency and inefficiency in the management of Basic Magnesium, Inc., then I will insist the Defense Plant Corporation remove Howard Eells from the operation of this vital Defense Project.

"I want it distinctly understood that any criticism is not directed at the workmen on this project. Their patriotism and industry are highly commendable and worthy of praise.

"This great defense project should be dedicated to an all-out effort in producing materials to fight the most treacherous enemy America has ever faced. The profits and politics seemingly connected with this effort are worthy of the contempt and disgust of every loyal American citizen. There seems to be no semblance of justice in the fact that officials of a great eastern industrial organization appear to be seeking personal financial gain in producing vital, essential, defense material, while American boys die in battle for thirty dollars a month.

"I am determined to see that this vital project fulfills its mission in the nation's war production program. I feel it my sworn and patriotic duty to do so. If present operating management appears incapable of meeting the exacting requirements of this industry, then, in my opinion an immediate change is necessary to save the plant and its needed material for the people of the United States."

Sincerely,

Berkeley L. Bunker,

United States Senator.

MARCH 10, 1942

BUNKER SEEKING PROBE OF BMI

Nevada Senator Calls for Truman Committee Action

Howard Eells Attacked in Statement by Junior Solon

United States Senator Berkeley L. Bunker today called for a "complete and thorough investigation" of Basic Magnesium Inc.'s operation here, and declared that should such a probe "disclose incompetency and inefficiency" he would ask Defense Plants Corporation to remove Howard Eells from the management of this vital defense project.

The senator's demand was contained in a statement issued over his signature, in answer to a recent speech made by Eells on the housing situation, and is published in full as a paid advertisement in another section of this newspaper.

Truman in West

The Truman committee, investigating the construction and operation of defense projects over the land, is now in the state of Washington and is expected to be in the West for several weeks. Whether the senators will accede to Bunker's request, could not be determined this afternoon.

In his statement, the senator goes back to the beginning of the proposed construction of the new town to house Basic Magnesium workers, and outlines his various contacts with that project.

His statement declares that:

As originally planned, the new community was to be a company town and that Basic Magnesium was to control the concessions and receive revenue from them.

Not DPC Plan

That the idea of a new town originated in the minds of officials of Basic Magnesium, and was not proposed by Defense Plant Corporation or any other governmental agency.

That due to the agitation for a new town priorities for new housing construction in Las Vegas were cut to 200 because of influence brought to bear on the Office of Production Management by certain individuals who were interested in the building of the company controlled town.

That a large majority of the business men of southern Nevada asked him to inquire thoroughly into the whole matter of the advisability of constructing a new town.

That a survey by Morton Mc-

Cartney, Defense Plants Corporation engineer, resulted in a recommendation that 2,000 homes be constructed in Las Vegas, 300 in Boulder City and 1,000 demountable houses at the plant site, and that subsequently this was adopted as the official program of D. P. C.

That notwithstanding this decision Eells continued to vigorously advocate the building of a company owned town.

Disclaims Blame

That the lack of housing was not the result of the senator's opposition to a separate town but the result of his (Eells') selfish interests in the promotion of a company town.

That the proposed town would have cost the taxpayers \$16,000,000, whereas the present program including Las Vegas' recently approved sewer system, would require an outlay by the federal government of less than \$6,000,000.

That concessions in the proposed new town have been offered for sale.

That the "unprecedented public utterances" by Eells "give rise to the thought that the housing situation was being used as a smoke-screen to keep public opinion from being focused on other activities relating to this project."

That the statement of Eells that he had not received cooperation in the area was unfounded.

That the proposed political ramifications of the project are without precedent in the state of Nevada.

Doing Good Job

That construction forces at Basic are doing a magnificent job, and that any criticism offered is not directed at the workmen on the project whose patriotism and industry are high commendable and worthy of praise.

That if present operating management appears incapable of meeting the exacting requirements of the industry, then an immediate change is necessary to save the plant and its needed material for the people of the United States.

Senator Bunker said he was contacting the Truman committee and expected to have an answer from them within the next 24 hours. He will be in Las Vegas tomorrow, leaving Thursday for Reno to attend a conference on production of strategic metals, as special representative of the senate committee on mines and mining of which he is a member.

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5 Governors, Top-Ranking Officials From Washington Attend Reno Parley

Five governors, two United States senators and one representative in congress, spent yesterday in Reno. Four of the governors were from other states and they found Reno interesting, the climate good, the food and hotel facilities excellent and the company perfect, so they said.

In addition two top ranking officials of the interior department, several representatives of other governors and many men connected with the bureau of mines and other government agencies spent the day here. In addition many top ranking mining men and prospectors were on hand.

Yesterday at noon Senator Pat McCarran entertained the visiting officials at luncheon at the Riverside while the Oak-We-No Club had Senator McCarran and several of the visitors as their guests at a friendly dinner at the Gallery Hotel Wednesday night.

The visiting governors included Governor Ralph Carr of Colorado, whose early-day mining experiences, when he was a boy in Cripple Creek, stands him well today in mine priorities discussions; Governor Sidney B. Osborn of Arizona, who was born in Phoenix and spent quite a part of his life in the newspaper business, and Gov. Chase A. Clark of Idaho. Gov. H. P. Maw of

Utah arrived late in the afternoon. Senator Berkeley Bunker arrived yesterday from Las Vegas where he stirred up quite a discussion during the week over the proposed Basic Magnesium Company town. Representative James G. Scrugham arrived from Washington on his way to a Pacific Coast army camp and appeared at the meeting in a colonel's uniform.

Dr. W. A. Nelson, who took the brunt of the criticism aimed at the war production board's priority rulings affecting mines, knows a lot of good stories that have nothing to do with priorities and he knows how to tell them. He has been state mineralogist for a couple of states, lectures at college, and knows a few things about politics and is mining administrator for the W.P.B.

Oscar Chapman, who is the second assistant secretary of the interior, is no stranger to Nevada as he spent some time here at grazing hearings in the past and he says the interior department wants to help the miners develop strategic minerals of the west.

Prof. J. A. Carpenter, director of the Mackay School of Mines, was the host to all the visitors. He arranged the meetings but discovered early that there were more customers than there were seats at the Mackay School of Mines so the lecture room in the Education building was used.

Gov. E. P. Carville of Nevada took charge of the visiting governors and saw to it that they missed nothing of interest.

Silver	23 1/2
Quicksilver	\$197-\$199
Export Copper	.11
Copper, f.o.b. refinery	.12 1/2
Tin	.03 1/4

ELKO DAILY FREE PRESS

LARGEST CIRCULATION OF ANY NEWSPAPER PUBLISHED IN EASTERN NEVADA—PUBLISHED EVERY AFTERNOON EXCEPT SUNDAY

60th Year—No. 58

Elko, Elko County, Nevada, Wednesday, March 11, 1942

BATTLE FOR AUSTRALIA ENTERS EARLY

Bunker Charges Profiteering Is Rampant in Building Basic Magnesium Plant at Vegas

Investigation By Senate Group Is Demanded

"Without Precedent in Nevada" Says

LAS VEGAS, March 11 (UP)—Senator Berkeley L. Bunker of Nevada charged here today that "profits and politics, incompetency and inefficiency" are hampering the construction of the great Basic Magnesium plant near this city.

Senator Bunker demanded that a senatorial investigation be made of the situation. His charges came only a few days after a fire swept through the administration building of the plant, with sabotage being cited as the cause of the blaze.

"WITHOUT PRECEDENT"

"The political ramifications of this project are without precedent in the state of Nevada," Bunker claimed in a paid advertisement printed in the Las Vegas Review-Journal.

The junior senator said that recent developments, including the fire, call for "a complete and thorough investigation of the entire operation" by the special committee investigating the national defense program and headed by Senator Harry Truman of Missouri.

SAYS THREATENED

Senator Bunker said he had been "threatened with being run out of the United States senate" because he opposed a plan to establish a company town at the plant site which "would have been operated by the company and the concessions sold at fancy prices."

The cost of the proposed company town was \$16,000,000.

Senator Bunker said he fought this plan and insisted that additional homes be built in Las Vegas and Boulder City at a cost to the government of \$6,000,000.

Carson City (Nevada) Daily Appeal, Wednesday, Mar. 12, 1942

Basic Magnesium Plant Construction Probe Demanded by Senator Bunker

Opposition to Plan for Company Town At Plant at Cost of Sixteen Millions Brings Threat of Defeat for Senate

LAS VEGAS REVIEW JOURNAL

MARCH 11, 1942

EELLS WELCOMES PROBE OF BMI PLANT, HE STATES

Howard Eells Jr., president of Basic Magnesium Inc., today issued the following brief statement regarding the proposed investigation of his company's operations at the Las Vegas plant:

"Our company is engaged in serving our country on an important defense project.

"This undertaking is of such a magnitude that it permits no time to engage in political discussions.

"We will welcome any official impartial investigation at any time. Our books and records are open.

"Members of our organization expect to retain their positions only so long as they produce results.

"To us this is a time for patriotism and not politics.

HOWARD P. EELLS, JR., President Basic Magnesium, Inc.

S. F. CALIF. COMM. NEWS
Cir. 1,200
MARCH 12, 1942

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LAS VEGAS, Nev.—Senator Berkeley L. Bunker (D., Nev.) charged that "profits and politics, incompetency and inefficiency" were hampering construction of the \$60,000,000 basic Magnesium, Inc., plant near Las Vegas and demanded a senatorial investigation.

NEVADA STATE JOURNAL, RENO, NEVADA.

DELAY BLAMED TO POLITICS

Bunker Hurls Charge In Las Vegas

LAS VEGAS, Nev., March 11 (UP)—Sen. Berkeley L. Bunker, D., Nev., charged today that "profits and politics, incompetency and inefficiency" were hampering construction of the \$60,000,000 Basic Magnesium, Inc., plant near Las Vegas and demanded a senatorial investigation.

The administration building at the plant last week was destroyed by a fire which construction company officials said was incendiary. Loss was estimated at "several hundred thousand dollars."

"Political ramifications of this project are without precedent in the state of Nevada," Senator Bunker said in a paid advertisement printed in the Las Vegas Review Journal.

The Nevada senator said that recent developments, including the costly fire, call for a "complete and thorough investigation of the entire operation" by the special committee investigating the national defense program headed by Sen. Harry S. Truman, D., Mo.

Bunker said he had been "threatened with being run out of the U. S. senate" because he had opposed a plan to establish a company town at the plant site which "would have been operated by the company and concessions sold at fancy prices."

Cost of the proposed company town, Bunker said, was \$16,000,000. The senator said he fought this plan and insisted that additional homes in Las Vegas and Boulder City be built at a cost to the government of \$6,000,000.

Las Vegas Project Inquiry Demanded

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Senator Bunker said that Howard Eells, Jr., president of Basic Magnesium, Inc., recently attacked him in a public address in Las Vegas. The Eells speech, Bunker said, "gave rise to the thought that the housing situation here is being used as a smoke screen to keep public opinion from being focused on other activities relating to this project."

Spending Probe of Magnesium Plant Demanded

LAS VEGAS, Nev., March 11 (UP)—Senator Berkeley L. Bunker (Democrat, Nevada) demanded today that the Truman Senatorial Committee investigate Basic Magnesium, Inc., which is building a \$63,000,000 plant here with Defense Plant Corporation financing.

In a paid newspaper advertisement, Bunker charged that Basic Magnesium sought to establish a company-operated town at a cost of \$16,000,000 to taxpayers, whereas an alternate plan prepared by the Defense Plant Corporation to build workers' homes here and in Boulder City would cost \$6,000,000.

He said that should an investigation "disclose incompetency and inefficiency, I will insist that the Defense Plant Corporation remove Howard Eells from the operation of this vital defense project." Eells, from Cleveland, Ohio, is president of Basic Magnesium.

Basic Magnesium's \$25,000 administration building was destroyed by fire last week.

OAKLAND, CALIF. CITIZEN-NEWS
Cir. 50,000
MARCH 11, 1942

Fire Damaged Plant Repaired

LAS VEGAS, Nev., March 14 (UP)—A new temporary office unit of the Basic Magnesium company was completed and ready for occupancy today, a week after fire destroyed the administration building.

The McNeil Construction company said it was a new construction record.

Fire razed the original structure Friday, March 6. Work continued unaffected by the blizzard the huge new magnesium plant now being built near Las Vegas despite the loss of important designs and machines, company officials said.

Burned Magnesium Bldg. Already Replaced

LAS VEGAS, March 11 (UP)—The Basic Magnesium, Inc., administration building burned the night of March 6, but already a temporary one to replace it has been completed and occupied.

The new structure is equivalent in size to an eight-story building, 50 by 150 feet. The \$63,000,000 magnesium project is financed by the Defense Plant Corp.

LAS VEGAS WEATHER DATA
By CHARLES P. SQUIRES
Cooperative Observer

For the duration of the war
no weather data will be
published in this paper

LAS VEGAS AGE

PROSPERITY SAFETY
SOUTHERN NEVADA'S LEADING NEWSPAPER

Volume XXXVIII, Number 11

LAS VEGAS, NEVADA, FRIDAY, MARCH 13, 1942

OBSERVATIONS

By CHARLES P. SQUIRES

ABUSING LAS VEGAS

The present situation of Las Vegas is illustrated by the maxim: "Some men are born great, some achieve greatness and some have greatness thrust upon them."

Las Vegas certainly was not born great. Its birth was accompanied by all the pangs of frustrated and long deferred hopes, poverty and the misery of existence in a raw, desert country.

To some extent Las Vegas believed greatness, because it was through the vision and persistence of some of her people that the great enterprise of Boulder Dam was successfully accomplished.

But Las Vegas, never in her wildest dreams, ever pictured the unfortunate conditions which too much sudden prosperity has thrust upon her. We had thought of our industrial development as a logical and gradual growth to come through the use of Boulder Dam power, each development opening further industries and enterprises so that our growth in population and wealth would be logical, gradual and healthy.

Now we find ourselves with some ten thousand or more people tossed into our laps through the suddenly created Basic Magnesium, Inc., activities, with something like ten thousand more certain to be here by the first of next August.

Unfortunately, in spite of the constant plea by some of us for more housing accommodations, Las Vegas finds herself without adequate shelter for the normal, incidental increase in population, and the thousands of workers with their families, such as have them, are forced to live in trailers or tents or shacks out in the mesquite brush, without water supply, electricity or sanitary necessities.

Writers of letters and of newspaper publicity cannot be blamed for criticizing such conditions and condemning them in strong terms. The Age has received some letters abusive and insulting, almost, in which the writers strongly blame city and county authorities, the Chamber of Commerce, churches and civic organizations for the conditions which exist.

The truth of the matter is that Las Vegas and a majority of her people have been and are still vigorous in their demand for more and better living conditions and in their condemnation of the red tape restrictions which just now seem to be hampering building enterprises.

To make matters worse, just at this time when harmony and cooperation would be most valuable in planning and building our future, we find the community torn by a political squabble which can accomplish nothing more than add to the distress we already suffer.

THE BUNKER-EELLS WAR

War, beside which the attack on Pearl Harbor was a gentle May Day party, has broken out between Senator Berkeley Bunker and Howard Eells. But guns are being fired by the Senator in the shape of full page paid advertisements reviewing the activities of Basic Magnesium and Mr. Eells, and making many charges, the nature of which are not clearly apparent from a casual reading.

The whole controversy seems to revolve about the proposal by Mr. Eells in behalf of Basic Magnesium, to build a town, commonly referred to as "Magnesium City," for the accommodation of the more than five thousand permanent employees it is anticipated Basic Magnesium, Inc., will employ in operating the great plant when completed.

It will be remembered that Mr. Eells, several months ago, called together a group of the leading businessmen of Las Vegas, explained in considerable detail the necessity of a suitable settlement for the employees and its proposed location, west of the town of Whitney, about half way between Las Vegas and the plant. He stated in very positive terms that the idea of housing those employees in Las Vegas was impracticable because of the distance from the plant and the time necessary for driving to and from work. He also called attention to the probability that the need for adequate housing for the employees would not be met through private enterprise in Las Vegas.

Some discussion followed during which none of the group in that conference raised his voice in opposition to the proposal of Mr. Eells and the meeting dissolved with the idea prevailing that the proposal met with the approval of the group.

Nevertheless, apparently under pressure of a group interested in local building, who feared that the enterprise might compete with them, Senator Bunker immediately took steps to combat the proposal of Mr. Eells and succeeded in cancelling all governmental plans for building the proposed "Magnesium City."

There is much difference of opinion among the people as to the advisability of forcing Basic Magnesium to make other plans for housing their employees. It is obvious that private building enterprises in Las Vegas cannot meet the demands of the growing population aside from the company employees. It is probable that in the absence of a centralized community for their accommodation, employees will scatter over the surrounding country and that the present situation wherein unsanitary, inadequate and shabby living quarters and camps are springing up all over the desert surrounding the plant, will be much aggravated during the next six months.

Whether or not Mr. Eells and his associates were actuated by selfish, profiteering motives in their advocacy of the "Magnesium City," as charged by Senator Bunker, is something that Senator Bunker's proposed investigation must consider.

Mr. Eells has stated that he welcomes the fullest investigation of all his activities and those of Basic Magnesium, Inc. Mr. Eells is not the type of man whom one would expect to lie down cringingly under attack, and war seems inevitable.

BASIC MAGNESIUM AND McNEILS UNDAUNTED BY GREAT EMERGENCY

Crews Carrying On in Rehabilitation Work While Fiercely Fanned Flames Consume Immense Temporary Office Building

One of the most amazing examples on record of the decisive efficiency and genius of American business enterprise supported by the patriotic loyalty of thousands of workers, is the manner in which, Phoenix-like, the great headquarters office building of Basic Magnesium, Inc., and McNeil Construction Company, was reconstructed, equipped and made ready for occupancy following the destructive fire of last Friday night.

Saturday afternoon at 2 o'clock the site was released by the board of insurance underwriters. Immediately reconstruction was begun and in less than 146 hours (expiring 2 p. m. Saturday, March 14) a new building of more than 55,000 square feet floor space, is completed, fully equipped and ready for occupancy.

Before the fire was out last Saturday morning, purchasing agents and other officials were flying to Los Angeles and

other central points for the purpose of securing materials for the reconstruction, and that same afternoon, trucks and railroad freight cars were rolling into the plant site with materials.

Most amazing feature of all is that, in all the terrible stress caused by the sudden destruction of the office building and in its reconstruction, not one single man was drawn from the plant construction job to work on other construction jobs.

The office force of more than 200 people were housed and working Monday morning following the fire, in quickly prepared temporary quarters in a reconstructed warehouse, and by noon of Wednesday the engineering force was restored to permanent quarters in the new office building.

In the whole seeming holocaust, there was not a minute lost on the plant construction and the only loss suffered was of incomplete detail plans on the drawing boards and some engineering notes which were easily replaced. All other plans were safe in the fireproof storage vaults.

Through the cooperation of the Southern Nevada Telephone Company, switchboards were moved from Chicago and were here and installed and working in a warehouse building remodeled for that purpose Monday.

The thousands of items of furniture and equipment of the many offices were secured and placed in service in the new building and the only loss of time was by the clerical force of one-half day Saturday following the fire of the night before.

At first appearing as a very serious threat of delay in reconstruction work on the great magnesium plant, designated as America's No. 1 defense project, the challenge was instantly taken up by McNeil Construction Company, the great organization holding the contract for construction of the plant of Basic Magnesium, Inc., and within the hour, while the flames were still consuming the last vestige of the office building, one of the large warehouse buildings was being cleared under direction of Bruce McNeil for conversion into temporary operating quarters.

The fire began at 11:30 p. m. on Friday evening and before two o'clock a. m. the same night, a semblance of order had been introduced into the new headquarters and departments were again functioning.

The loss is variously estimated but probably will amount to nearly half a million dollars in building, furniture, office equipment and appliances, mostly covered by insurance.

Fortunately, the system of duplicate copying of all business and engineering details, one copy of each plan, detail and document being placed in well protected vaults, the work of construction was not delayed although much inconvenience was suffered.

Officials of both Basic Magnesium and McNeil Construction Co., speak in terms of the highest praise of the instant loyalty and unquenchable spirit shown by the workers who came immediately during the excitement of the fire and volunteered their services, some of them risking their lives without hesitation in the fight to save other parts of the construction city.

The fire started in the heating plant in the westerly corner of the building. The gale blowing from the west almost instantly blasted the immense, sprawling structure into a gigantic blowtorch which illuminated desert and mountain for miles around. To remove the burning embers from about the storage vaults in which many of the valuable plans and documents were stored, men fearlessly drove great "bulldozers" into the inferno and pushed the burning masses into less damaging positions.

The valves on the gas lines leading to the heating plant had been closed, it was stated, about two o'clock the afternoon preceding the fire by the regular employees. When examined, following the fire, the valves were found to be wide open, giving positive evidence in the minds of officials that sabotage started the fire.

Since the first shock of disorder following destruction of hundreds of desks, typewriters and accounting machines, the work of replacement has been accelerated day by day and under the organizing genius of both McNeil Construction and Basic Magnesium officials, work is again progressing steadily.

Bunker Blasts Management of Magnesium Plant

Inquiry By Solon Committee Sought At Defense Plant

President Of Basic Magnesium, Inc., Attacked As Young Solon Charges Incompetent Management.

LAS VEGAS, March 11 (UP)—A charge that "profits and politics, incompetency and inefficiency" is hampering the construction of the huge \$63,000,000 magnesium plant near here was made today by Senator Berkeley L. Bunker. In charging mismanagement of the construction work on the huge plant by Basic Magnesium, Inc., Bunker made a demand for a thorough investigation of the activities by a senatorial investigation committee.

The youthful solon's charges came after he spent two days gathering reports concerning last Friday's fire in which the large administration building at the plant was razed by fire assertedly caused by saboteurs.

"The political ramifications of this project are without precedent in the state of Nevada," Bunker claimed in a paid advertisement inserted in an issue of the Las Vegas Review-Journal.

Bunker, who arrived here Sunday on a short visit, said that recent developments, including the administration building fire, call for a "complete and thorough investigation of the entire operation at the plant site as well as in the administrative set up" by the special senate committee which is now investigating the national defense program. At the head of the senate investigating committee is Senator Harry S. Truman, D., Mo.

The Nevada senator charged that he has been "threatened with being run out of the United States senate" because he opposed the plan to establish a company town at the plant site. Bunker declared that the town "would have been operated by the company and business concessions sold at fancy prices."

Bunker said that the cost of the proposed company town was set at \$16,000,000. He said that he fought this proposal by contacting the defense plant corporation (which is supplying federal funds for the entire project) and insisted that additional homes be erected in Las Vegas and Boulder City, to take the place of the company town, could be built at a cost to the government of only \$6,000,000. The senator said his opposition to the new town had saved the taxpayers at least \$10,000,000.

Bunker said that he had made a thorough survey of the situation by contacting utility firms in Las Vegas and Boulder City and that they had informed him that their present facilities would permit the building of an additional 2,000 homes in Las Vegas and 1,000 in Boulder City. He said that 1,000 new homes could be built near the magnesium plant and these would not be dominated by the company.

Bunker declared that if the Truman committee's probe "discloses incompetency and inefficiency" he would ask the defense plant corporation to "remove Howard Eells from the management of this vital defense project."

The senators demand was contained in a statement issued over his signature and published in a full-page advertisement in the Review-Journal.

The Truman committee, investigating the construction and operation of defense projects all over the land, is now in the state of Washington and is expected to be in the west for several weeks. It was indicated that the committee will arrive in Las Vegas sometime near the end of the month.

In his statement, the senator goes back to the beginning of the proposed construction of the new town to house Basic Magnesium workers, and outlines his various contacts with that project.

Bunker said that the idea of a new town originated in the minds of officials of Basic Magnesium, and was not proposed by defense plant corporation or any other federal agency. He said that a large majority of the business men of southern Nevada asked him to inquire thoroughly into the whole matter of the advisability of constructing a new town.

The senator said that the "unprecedented public utterances" by Eells "give rise to the thought that the housing situation was being used as a smoke-screen to keep public opinion from being focused on other activities relating to this project."

BATTLE MOUNTAIN, NEV. SCOUT
MARCH 12, 1942

Bunker Sees Politics at Metal Plant

(United Press)

LAS VEGAS, (Nev.)—Nevada's Senator Berkeley L. Bunker charged yesterday that "profits and politics, incompetency and inefficiency" are hampering construction here of the \$63,000,000 Basic Magnesium, Inc., plant, destined to be the world's largest factory for producing magnesium for incendiary bombs.

DEMANDS PROBE

Bunker demanded a senatorial investigation of the \$500,000 fire which razed the administration building of Basic Magnesium, Inc., and the McNeil Construction company last Friday night. "Political ramifications in this project are without precedent in the State of Nevada," it was claimed in a paid advertisement printed in the Las Vegas Review-Journal.

The Nevada senator said recent developments including the fire call for "complete and thorough investigation of the entire operation" by a special committee now investigating the national defense program and headed by Senator Harry S. Truman, D., Mo.

Bunker declared he had been "threatened with being run out of the United States senate" because he opposed a plan to establish a company town at the plant site which "would have been operated by the company and the concession sold at fancy prices."

The cost of the proposed company town alone would have been \$16,000,000, he charged. Bunker declared he had fought this plan and insisted additional homes in Boulder City could be built at a cost to the government of only \$6,000,000.

SALINAS, CALIF. POST
MARCH 12, 1942

War Factories Said Slowed By Politics

Senate Investigation Of Magnesium Fire Demanded by Bunker

LAS VEGAS, Nev. (UP)—Senator Berkeley L. Bunker (D., Nev.), charged Wednesday that "profits and politics, incompetency and inefficiency" were hampering construction of the \$60,000,000 basic Magnesium, Inc., plant near Las Vegas and demanded a senatorial investigation.

The administration building at the plant last week was destroyed by a fire which construction company officials said was incendiary.

"Political ramifications of this project are without precedent in the state of Nevada," Sen. Bunker said in a paid advertisement printed in the Las Vegas Review Journal.

The Nevada senator said that recent developments, including the costly fire, call for a "complete and thorough investigation of the entire operation" by the special committee investigating the national defense program headed by Sen. Harry S. Truman, (D., Mo.).

Bunker said he had been "threatened with being run out of the U. S. senate" because he had opposed a plan to establish a company town at the plant site which "would have been operated by the company and concessions sold at fancy prices."

Cost of the proposed company town, Bunker said, was \$16,000,000. The senator said he fought this plan and insisted that additional homes in Las Vegas and Boulder City be built at a cost to the government of \$6,000,000.

S. F. CALIF. COMMERCIAL NEWS
MARCH 17, 1942

MAGNESIUM— Senatorial Charge

RENO, Nev. (March 15 (UP))—Senator Berkeley L. Bunker (D., Nev.) today charged that the records of Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "conveniently burned" in a fire which destroyed the company's administration building March 6.

The Truman Senate Investigating Committee on National Defense will spend three days at Las Vegas next week, Bunker said.

"When I asked for an investigation of the Basic Magnesium plant, Howard Eells, company president, said his books and records were open for investigation. How can they be when they were conveniently burned?"

ONTARIO, CALIF. REPORT
Cf. 5,312
MARCH 12, 1942

Says Politics Holds Up Magnesium Plant

LAS VEGAS, Nev. (UP)—Sen. Berkeley L. Bunker, D., Nev., charged today that "profits and politics, incompetency and inefficiency" were hampering construction of the \$60,000,000 Basic Magnesium, Inc., plant near Las Vegas and demanded a senatorial investigation.

The administration building at the plant last week was destroyed by a fire which construction company officials said was incendiary. Loss was estimated at "several hundred thousand dollars."

Bunker Charges Nevada Metal Plant 'Politics'

WINNEMUCA, NEV. STAR & STATE
MARCH 11, 1942

Investigation By Senate Is Demanded

Nevada Solon Says
Threats Levied
Against Position

(United Press)
LAS VEGAS, (Nev.)—Nevada's Senator Berkeley L. Bunker charged today that "profits and politics, incompetency and inefficiency" are hampering construction here of the \$63,000,000 Basic Magnesium, Inc. plant, destined to be the world's largest factory for producing magnesium for incendiary bombs.

DEMANDS PROBE
Bunker demanded a senatorial investigation of the \$500,000 fire which razed the administration building of Basic Magnesium, Inc., and the McNeil Construction company last Friday night. "Political ramifications in this project are without precedent in the State of Nevada," it was claimed in a paid advertisement printed in the Las Vegas Review-Journal.

The Nevada senator said recent developments including the fire call for "complete and thorough investigation of the entire operation" by a special committee now investigating the national defense program and headed by Senator Harry S. Truman, D., Mo.

OPPOSES NEW TOWN
Bunker declared he had been "threatened with being run out of the United States senate" because he opposed a plan to establish a company town at the plant site which "would have been operated by the company and the concessions sold at fancy prices."

The cost of the proposed company town alone would have been \$16,000,000, he charged. Bunker declared he had fought this plan and insisted additional homes in Boulder City could be built at a cost to the government of only \$6,000,000.

SAN LUIS OBISPO, CAL. TELE-TRIBUNE
MARCH 11, 1942

Bunker Assails 'Politics' in Las Vegas Plant

LAS VEGAS, Nev., March 11. (UP)—Sen. Berkeley L. Bunker, D., Nev., charged today that "profits and politics, incompetency and inefficiency" were hampering construction of the \$60,000,000 Basic Magnesium, Inc. plant near Las Vegas and demanded a senatorial investigation.

The administration building at the plant last week was destroyed by a fire which construction company officials said was incendiary. Loss was estimated at "several hundred thousand dollars."

"Political ramifications of this project are without precedent in the state of Nevada," Sen. Bunker said in a paid advertisement printed in the Las Vegas Review Journal.

Complete Inquiry

The Nevada senator said that recent developments, including the costly fire, calls for a "complete and thorough investigation of the entire operation" by the special committee investigating the national defense program headed by Sen. Harry S. Truman, D., Mo.

Bunker said he had been "threatened with being run out of the U. S. senate" because he had opposed a plan to establish a company town at the plant site which "would have been operated by the company and concessions sold at fancy prices."

Cost of the proposed company town, Bunker said, was \$16,000,000. The senator said he fought this plan and insisted that additional homes in Las Vegas and Boulder City be built at a cost to the government of \$6,000,000.

Senator Attacked

Sen. Bunker said that Howard Eells Jr., manager of the vital defense project, recently attacked him in a public address in Las Vegas. The Eells speech, Bunker said, "gave rise to the thought that the housing situation here is being used as a smoke screen to keep public opinion from being focused on other activities relating to this project."

"Profits and politics seemingly connected with this effort are worthy of contempt and disgust of every loyal American citizen," the senator added. "There seems to be no semblance of justice in the fact that officials of a great eastern industrial organization appear to be seeking personal financial gain in producing a vital essential defense material while American boys die in battle for \$30 a month."

RENO, NEV. GAZETTE
MARCH 14, 1942

Investigation By Senate Group Is Demanded

"Without
Precedent in
Nevada" Says

LAS VEGAS, March 11 (UP)—Senator Berkeley L. Bunker of Nevada charged here today that "profits and politics, incompetency and inefficiency" are hampering the construction of the great Basic Magnesium plant near this city.

Senator Bunker demanded that a senatorial investigation be made of the situation. His charges came only a few days after a fire swept through the administration building of the plant, with sabotage being cited as the cause of the blaze.

"WITHOUT PRECEDENT"

"The political ramifications of this project are without precedent in the state of Nevada," Bunker claimed in a paid advertisement printed in the Las Vegas Review-Journal.

The junior senator said that recent developments, including the fire, call for "a complete and thorough investigation of the entire operation" by the special committee investigating the national defense program and headed by Senator Harry Truman of Missouri.

SAYS THREATENED

Senator Bunker said he had been "threatened with being run out of the United States senate" because he opposed a plan to establish a company town at the plant site which "would have been operated by the company and the concessions sold at fancy prices."

The cost of the proposed company town was \$16,000,000.

Senator Bunker said he fought this plan and insisted that additional homes at Las Vegas and Boulder City be built at a cost to the government of \$6,000,000.

RENO, NEV. GAZETTE
MARCH 14, 1942

Senator Bunker opened his political campaign in southern Nevada this week with a full-page advertisement in a Las Vegas newspaper in which he assailed Howard Eells, Jr., president of Basic Magnesium, Inc., for supporting a plan to have a town for magnesium plant workers constructed near the plant site. The junior senator charged that the construction of a town near the plant site would cost the taxpayers \$10,000,000 more than would the construction of new homes to house the workers in Las Vegas and Boulder City. The recent approval of a \$787,000 grant for the construction of additional sewer lines in Las Vegas is the final rejection by the government of the plan to build the town near the plant site, Bunker said. Some time ago Eells charged that Bunker was obstructing the building of a town near the magnesium plant and that as a result the workers were being forced either to live in tents and trailer houses or make a thirty-mile round trip to Las Vegas daily.

It has been recalled that the last time an outright attack was made on a large corporation by a Nevada politician was in 1931 when Senator Oddie attacked the Six Companies, shortly before his defeat.

ELY, NEV. TIMES
MARCH 11, 1942

Bunker Charges Magnesium Co.

LAS VEGAS, March 11 (UP)—Senator Berkeley Bunker today charged that "profits and politics, incompetency and inefficiency" are hampering construction of the sixty million dollar Basic Magnesium Inc. He demanded senatorial investigation of the administration building fire at the plant a week ago which company officials said was set. The loss ran into several hundred thousand dollars.

In a paid advertisement in the Las Vegas Review Journal, Bunker said "political ramifications are without precedent in Nevada." He asked a quiz by the Truman committee and charged that he had been threatened of "being run out of the senate because he opposed the plan to establish a company town at the plant site "which would have been operated by the company with concessions sold at fancy prices". He said the company town would have cost sixteen million dollars and the housing projects he sponsored at Las Vegas and Boulder City would cost only six million dollars.

RENO, NEV. JOURNAL
MARCH 12, 1942

DELAY BLAMED TO POLITICS

Bunker Hurls Charge
In Las Vegas

LAS VEGAS, Nev., March 11. (UP)—Sen. Berkeley L. Bunker, D., Nev., charged today that "profits and politics, incompetency and inefficiency" were hampering construction of the \$60,000,000 Basic Magnesium, Inc. plant near Las Vegas and demanded a senatorial investigation.

The administration building at the plant last week was destroyed by a fire which construction company officials said was incendiary. Loss was estimated at "several hundred thousand dollars."

"Political ramifications of this project are without precedent in the state of Nevada," Senator Bunker said in a paid advertisement printed in the Las Vegas Review Journal.

The Nevada senator said that recent developments, including the costly fire, call for a "complete and thorough investigation of the entire operation" by the special committee investigating the national defense program headed by Sen. Harry S. Truman, D., Mo.

Bunker said he had been "threatened with being run out of the U. S. senate" because he had opposed a plan to establish a company town at the plant site which "would have been operated by the company and concessions sold at fancy prices."

Cost of the proposed company town, Bunker said, was \$16,000,000. The senator said he fought this plan and insisted that additional homes in Las Vegas and Boulder City be built at a cost to the government of \$6,000,000.

March 16, 1942

Bunker Charges Fire at BMI Was 'Very Convenient'

Senator Says Sabotage
Angle of Blaze Is
"Not My Opinion"

RENO, Mar. 16 (UP)—Senator Berkeley L. Bunker, democrat of Nevada, today charged that the records of Basic Magnesium, Incorporated, which is building a \$63,000,000 magnesium plant at Las Vegas, Nevada, were "conveniently burned" in a fire which destroyed the company's administration building March 6.

The Truman senate investigating committee on national defense will spend three days at Las Vegas next week, Bunker said.

Books Lost

"When I asked for an investigation of the Basic Magnesium plant, Howard Eells, company president, said his books and records were open for investigation. How can they be when they were conveniently burned?"

The war department today announced that evidence indicated the fire was not caused by sabotage. Bunker said he was unable to place blame for the fire.

Bunker charged that the organization of the magnesium plant was "wasting the taxpayers' money. In my opinion the company is more interested in personal profits than in winning the war."

Not the Case

"Eells has attempted to make the public believe that the fire was caused by sabotage. This, in my opinion, is not the case." The fire damage was estimated at several hundred thousand dollars. Construction of the plant has proceeded without delay, the war department said.

"I am going to take the magnesium plant situation straight to Jesse Jones (head of the RFC which financed the project) unless the setup is reorganized."

Bunker also said he would prefer charges under the Hatch clean politics act against Nevada Internal Revenue Collector R. L. Douglass "unless he resigns like a gentleman."

He claimed Douglass had "dabbled in politics." This was in connection with the magnesium investigation.

In Washington, the war department said today that construction of a magnesium plant has proceeded without delay in spite of a fire March 6 which destroyed the administration building.

The announcement was based on a report from Basic Magnesium, Incorporated, which is constructing the plant for the government. The report said evidence indicated that the fire was not caused by sabotage.

Drawings Saved

Most of the destruction, according to the report, was confined to incomplete engineering drawings and notes. All essential drawings were saved.

Temporary quarters were available for the entire force beginning March 9. The administration building was completed March 13, less than a week after the fire, the report said.

Charge Plant's Books 'Conveniently Burned'

RENO, Nev., March 16 (UP)—Sen. Berkeley L. Bunker, D., Nev., today charged that the records of Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "conveniently burned" in a fire which destroyed the company's administration building March 6.

The Truman Senate Investigating Committee on National Defense will spend three days at Las Vegas next week, Bunker said.

MARCH 13, 1942

Basic Is Moving Into New Offices

The last of Basic Magnesium offices were moving into the new building this afternoon, and by tomorrow morning it was expected every department would be functioning normally as though there had been no fire at the plant a week ago.

True to the time schedule set by McNeil Construction Company, the vast new structure, largest temporary office building in the United States, will be completed late this afternoon just 146 hours from the time insurance adjusters released the job. Engineers familiar with the construction in this country declared McNeil had set a new record in speedy completion of the structure which is the equivalent of an ordinary city office building of eight stories, 50 by 150 feet.

The telephone system disrupted by the blaze and subsequent scattering of offices, is nearing normal operation today and with all offices back in regular quarters tomorrow is expected to be operating as usual.

March 18, 1942

Speed Shown at Magnesium Plant

The speed with which McNeil Construction Company and Basic Magnesium restored normal operations following the fire was demonstrated today with the receipt by a Las Vegas firm of a check for merchandise delivered to the former company on March 4 and March 6, the day of the fire.

The invoices were presented on March 4, cleared through the accounting departments of both McNeil and Basic by the 11th and paid by the Federal Reserve Bank in San Francisco on behalf of the U. S. Treasury on the 14th, the checks arriving this morning.

This indicates just how efficiently the two companies worked to the end that there should be no delay whatever in the regular operation of business, and it seems to me it is a splendid tribute to both concerns," the head of the local establishment said in commenting on the transaction.

ALL COMMUNICATIONS TO BE
ADDRESSED TO THE COMPANY
AND NOT TO INDIVIDUALS

BASIC MAGNESIUM

INCORPORATED

ACTING FOR AND ON BEHALF OF DEFENSE PLANT CORPORATION

P.O. BOX 1150 • LAS VEGAS, NEVADA

March 17

1942

TELEPHONE
LAS VEGAS OR
BOULDER CITY

To the Editor:

Howard P. Eells, Jr., President, Basic Magnesium, Incorporated, Las Vegas, Nevada, today issued the following statement, for immediate release:

"On January 15, in hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospitals for this area and we urged his constituents to persuade the Senator to reverse his position in the interests of the Defense efforts.

"Almost two months after our statement but shortly following the fire that destroyed our Administration Building the night of March 6th, Senator Bunker has implied, in public print, that our Management is guilty of Incompetence, Fraud and Arson.

"Such statements and implications are False.

"We repeat our statement of March 11th that,

'We will welcome any official, impartial investigation at any time. Our books and records are open. Members of our Organization expect to retain their positions only so long as they produce results. To us, this is a time for Patriotism and not Politics.'

"To this, now, we wish to add that we would demand such an investigation were it not already scheduled.

"Existing records are ample to establish all facts pertinent to the Senator's implications and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7th.

"As to the causes of the fire, after reviewing all circumstances we made a preliminary report to Defense Plant Corporation on March 13th as follows:

'All evidence regarding source of fire establishes beyond any reasonable doubt that there was neither Sabotage nor negligence.'"

Very truly yours,

BASIC MAGNESIUM, INCORPORATED

Guernsey Frazer

Guernsey Frazer
Assistant to Project Manager
Production

GF:amb

MARCH 19, 1942

"Let it be impressed upon your minds, let it be instilled into your children, that Liberty of the Press is the palladium of all political and religious rights of free men."—Junius

Las Vegas Evening Review-Journal

AND BOULDER CITY JOURNAL
Official Newspaper of Boulder City
AN INDEPENDENT NEWSPAPER
Established 1909

ISSUED EVERY EVENING EXCEPT SUNDAY

—Review Building, 112 South First Street—

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The Truth Will Come Out

Recent arrivals from northern Nevada bring word that the impression is pretty general there that Basic Magnesium set fire to its administration building two weeks ago for the purpose of destroying records which might be of value to the Truman committee due here next week to check the plant as it is checking all defense plants in the country.

The rumor, strangely, was rampant on the streets of Las Vegas a few hours after the fire, but there were few who took it seriously.

Ordinarily, such stories just run their course without the public ever learning the truth. In this instance, however, we'll probably know, very shortly, just what did happen.

The Truman committee undoubtedly will delve into this question, now that it has been raised, and certainly the Defense Plants Corporation and the war department will want to know. For setting fire to a building, constitutes the crime of arson—a rather serious offense.

And there's another source from which the truth undoubtedly will come—from the insurance companies which will have to pay the loss amounting to several hundred thousand dollars. That's a sizeable amount, even in these days of astrological expenditures, and would NOT be paid if not required under the terms of the policies.

If the fire was set for the purpose of destroying records, or if it was sabotage, as was first reported, there would be no responsibility on the insurance companies to adjust the loss.

If the insurance pool that holds the policies on the plant pays, it can be accepted as proof positive that in the minds of these people, who are experts in the matter of fires, that there was neither sabotage nor incendiarism connected with the blaze.

Magnesium Plant Fire Accidental

The fire which destroyed the administration building at Basic Magnesium company's plant two weeks ago tonight was neither sabotage nor incendiary origin, Ed Lilley, adjuster for the Fire Companies Adjustment Bureau of Los Angeles declared last night just prior to his departure by plane after spending several days here.

"We find absolutely no evidence which would indicate the fire was set either by saboteurs or arsonists," Lilley said, adding that the companies which held the policies on the building were proceeding with an adjustment of the loss which will run well into the hundreds of thousands of dollars.

Lilley stated further that William Wells, ace arson investigator for the National Board of Fire Underwriters, happened to be in Las Vegas at the time of the fire, investigating the recent mystery blaze over the Frontier Club, and was on the Boulder highway when the magnesium plant fire broke out.

Wells was one of the first to reach the scene from the outside, and spent the next five days checking it from every angle. It was on the basis of his report that the insurance companies proceeded with adjustment of the loss.

Asked whether or not he cared to be quoted on the matter, Lilley said: "Certainly—I think the people are entitled to know the facts."

EELLS SAYS BMI IS READY AND WILLING FOR ANY PROBE

In a statement dictated by telephone from Cleveland, Ohio, for press release today, Howard P. Eells, Jr., president of Basic Magnesium, Inc., announced: "On January 15, in hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospital for this area, and we urged his constituents to persuade the senator to reverse his position in the interest of defense efforts."

"Almost two months after our statement, but shortly following the fire that destroyed our administration building the night of March 6, Senator Bunker has implied, in public print, that our management is guilty of incompetence, fraud and arson."

"Such statements and implications are false."

"We repeat our statement of March 11, that 'We will welcome any official, impartial investigation at any time. Our books and records are open. Members of our organization expect to retain their positions only so long as they produce results. To us, this is a time for patriotism, and not politics.'"

"To this, now, we wish to add that we would demand such an investigation were it not already scheduled."

"Existing records are ample to establish all facts pertinent to the senator's implication and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7."

"As to the causes of the fire after reviewing all circumstances we made a preliminary report to Defense Plants corporation on March 13 as follows: 'All evidence regarding source of fire established beyond any reasonable doubt that there was neither sabotage nor negligence.'"

PRESIDENT OF BASIC MAGNESIUM REPLIES TO BUNKER CHARGE

The growing battle between Senator Berkeley Bunker and officials of Basic Magnesium Inc. in Las Vegas, became increasingly evident today when Guernsey Frazer, assistant to the project manager of production, sent the following wire to the Nevada Press from Las Vegas:

"Howard P. Eells, Jr., president, Basic Magnesium, Incorporated, Las Vegas, Nevada, today issued the following statement, on January 15th, in hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospital for this area and we urged his constituents to persuade the senator to reverse his position in the interests of the defense efforts."

"Almost two months after our statement but shortly following the fire that destroyed

our administration building the night of March 6th, Senator Bunker has implied in public print, that our management is guilty of incompetence, fraud and arson."

"Such statements and implications are false."

"We repeat our statement of March 11th that:

Welcome Probe

"We will welcome any official, impartial investigation at any time. Our books and records are open. Members of our organization expect to retain their positions only so long as they produce results. To us, this is a time for patriotism and not politics."

"To this, now, we wish to add that we would demand such an investigation were it not already scheduled."

"Existing records are ample to establish all facts pertinent to the senator's implications and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7th."

"As to the causes of the fire, after reviewing all circumstances we made a preliminary report to defense plant corporation on March 13th as follows:

"All evidence regarding source of fire establishes beyond any reasonable doubt that there was neither sabotage nor negligence."

Double Quiz Opens on Fire At Magnesium Plant

FBI and Underwriters Trace Work
Of Saboteur in Nevada Blaze;
Builders Push Reconstruction Plans

468 Tribune Intermountain Wire

LAS VEGAS, Nev.—FBI and representatives of the Board of Fire Underwriters Saturday were called to the scene of the fire which destroyed the administration building of the Basic Magnesium, Inc., Friday night to investigate possibilities of sabotage by someone employed on the project.

Although personnel records, plans and specifications for the 10 magnesium plant units were saved in huge cement vaults, all correspondence of both the B M I and the McNeil Construction company was destroyed. This presented a baffling problem to officials Saturday as many carloads of materials are ordered for the project and no records are available here as to nature and amount of the materials and time of delivery. An appeal was broadcast by officials for concerns over the nation having any dealings with B M I for the past month to send copies of the correspondence to the office here to aid in reorganization work.

With office personnel temporarily located in a warehouse and a recreation room Saturday young women employed in the offices were told to wear slacks on the job until the new building is complete.

Reconstruction of the building will be started immediately, and should be completed within a few weeks, B M I officials reported. Officials for B M I estimated the total loss at half a million dollars, fully insured.

Work will proceed on schedule despite the loss by the fire and full crews were on duty Saturday. Approximately 7000 employees were on the job.

Starts on Outside

Officials of the two concerns reported the fire started on the outside of the building at the northwest corner where the butane heating equipment was located and in the direction of a high strong wind, so that the blaze was swept forward into the lightly constructed wooden building. When the gale-like wind started Friday afternoon, the heating equipment was shut off, electrical connections were disconnected, and the entire heating apparatus was checked by workmen assigned to that duty, officials of the two concerns reported.

As a high fence surrounds the entire magnesium plant development and no visitors are permitted inside, officials believe a workman set the fire. A regular guard

force employed at the plant was on duty, but no one saw the start of the fire, officials report.

One of the outstanding aspects of the fire fighting was the use of two large "blades." The drivers plowed through the smoldering material and swept it aside, so that water could be poured onto the vaults and fresh dirt piled around them. Charred edges of papers inside the vaults when opened showed how near they came to destruction.

All office equipment was destroyed.

Huge blueprint machines, electrical office equipment, typewriters and adding machines were destroyed. Despite lack of such equipment in the nation now, officials already have arranged for replacements.

Ready Place to Work

While the fire was still raging, about 500 McNeil employees were put to work converting a warehouse and the recreation hall into temporary offices for the Basic Magnesium, Inc., which will operate the plant upon its completion, and for the McNeil Construction company, which holds the contract for construction of the project. When office employees reported for work Saturday morning, they were assigned to hand-made tables to begin their work. It is expected that new office equipment will start arriving here Monday.

No one was injured in the fire. The blaze could be seen plainly from Las Vegas, 16 miles distant, and an estimated 5000 persons drove to the scene to watch the blaze.

EL CENTRO, CAL., PRESS
Ch. 3,302 MARCH 11, 1942

Politics, Inefficiency In Defense Project Charged

LAS VEGAS, Nev., March 11.—(UP)—Sen. Berkeley L. Bunker, D. Nev., charged today that "profits and politics, incompetency and inefficiency" were hampering construction of the \$60,000,000 basic magnesium plant near Las Vegas and demanded a senatorial investigation.

The administration building at the plant last week was destroyed by a fire which the construction company officials said was incendiary. Loss was estimated at "several hundred dollars."

"Political ramifications or this project are without precedent in the state of Nevada," Sen. Bunker

said in a paid advertisement printed in the Las Vegas Review Journal.

The Nevada senator said that recent developments, including the costly fire, call for a "complete and thorough investigation of the entire operation" by the special committee investigating the national defense program headed by Sen. Harry S. Truman, D., Mo.

Bunker said he had been "threatened with being run out of the U. S. senate" because he had opposed a plan to establish a company town at the plant site which "would have been operated by the company and concessions sold at

fancy prices."

Cost of the proposed company town, Bunker said, was \$18,000,000. The senator said he fought this plan and insisted that additional homes in Las Vegas and Boulder City be built at a cost to the government of \$6,000,000.

Sen. Bunker said that Howard Eells, jr., president of Basic Magnesium, Inc., recently attacked him in a public address in Las Vegas. The Eells speech, Bunker said, "gave rise to the thought that the housing situation here is being used as a smoke screen to keep public opinion from being focused on other activities relating to this project."

Civic and Political Obstructionists Scored by Head of Basic Magnesium

468 An authorized statement issued from the office of the project manager for the Basic Magnesium Inc. indicated that completion of the \$63,000,000 magnesium plant and auxiliary projects will bring around 19,000 residents to Clark county, Nevada, including plant employees and their dependents, with a payroll of \$2,000,000 monthly by the middle of the current year.

The problem of housing the huge army of workers and families has given rise to much controversy that is said to have caused delay in its solution, since business and civic interests of Las Vegas, supported by certain politicians, have opposed aggressively any construction of housing facilities elsewhere than in the town of Las Vegas.

In connection with the town's active opposition to the plan of Basic Magnesium, Inc. to construct homes, barracks and other quarters near the plant site, the Las Vegas Review-Journal lately published the following account of a meeting in the southern town at which the obstructionists were scored in blunt language by the head of the war-metal enterprise:

Basic Magnesium's Las Vegas Valley plant was described as number one on the war program of the United States, next to naval construction, and Congressman James G. Scrugham was lauded for his part in bringing it into realization, when P. W. Rolleston of the British air commission and Howard P. Eells, Jr., president of Basic Magnesium Inc., addressed Legionnaires and visitors at a meeting.

Eells, speaking with rather startling frankness, held Scrugham up as one of the nation's "outstanding statesmen" and declared him to be the only one of the Nevada delegation who had "come through" with the cooperation promised magnesium plant officials in the beginning.

"You men realize the most important need of the moment is houses," Eells said. "Had our projected town been allowed to go through, it would have been done now and you would have had houses. Everybody should understand that we can't do the job unless our employes are properly housed."

"We have received no cooperation from the people of this area," Eells charged. "A few business men are afraid they won't be able to sell enough of their merchandise if this town goes through, and have joined together to block its construction."

"I say there's enough here for everybody. This is a big thing. This area will become the center of the light metal industry, as Pittsburgh is the center of the steel industry. Pittsburgh isn't a one-street town. It has a business district much larger than Las Vegas is today."

"This whole area will be built up. It will all be one great city. We've got to start thinking in those terms if we're going to get this job done."

In response to a question as to when workers could expect to have houses ready so they could move their families into the area, Eells said, "Ask Senator Bunker. Wire him. Tell him how you feel. He's your representative. He's the one who's opposing our town."

"But we'll have a town, you can bet on that. Right now it's a camp, but we're going to have decent housing."

"Between here and the plant are two lousy settlements. They're a disgrace. They should be cleaned up at once. It's up to the county to do it, but if they don't we will. We can if we have to. We're going to get decent homes for our employes, and

if we don't get the cooperation of the community we'll fight it through. "We're going to give our employes the best possible place to live in, the best place to bring up their children. It's the only way we can make this project live."

"Magnesium is two-thirds the weight of aluminum. The last war introduced the age of light metals, this one has brought it to maturity. It has a tremendous future. In Germany they use 75 pounds of magnesium in cars of the same type as the Ford in this country."

"Mr. Sloan of General Motors says they would use 80 pounds per car if they could be assured of an adequate supply. The English company which has been producing magnesium for 10 years, was not built out of any war, but from peace-time consumption, mostly truck usage."

"We have a job to do. It can only be done by complete cooperation of everyone in the area. We haven't had it to date. We hope to have it in the future. We want to make this a permanent industry. If we are to do that we must have your cooperation."

"If you have any love for Nevada, and I know all Nevadans and adopted Nevadans have a great love for their state, you will make your representatives represent you. You will tell them this job must go forward, must be permanent—a fine thing you will be proud of."

"Our great need is houses. We must have them. We will have them, and I hope when you do, you won't forget to help those who have helped you."

WILMINGTON, CAL., PRESS
Ch. 5,783
MARCH 11, 1942

Solon Charges Politics In War Project

LAS VEGAS, Nev., March 11.—(U.P.)—Nevada Senator Berkeley L. Bunker charges that construction of the \$60,000,000 basic magnesium plant near Las Vegas is being hampered by what he called "profits and politics, incompetency and inefficiency."

The administration building at the plant was destroyed last week by a fire which the construction company said was incendiary. Loss was estimated at several hundred thousand dollars.

In a paid advertisement appearing in a Las Vegas newspaper, Senator Bunker said:

"Political ramifications of this project are without precedent in the State of Nevada."

He called for a complete investigation by the special committee investigating the national defense program.

RENO, NEV.
3/13/42Las Vegas Review-Journal
March 9 1942Las Vegas Review-Journal
March 11, 1942RENO, NEV.—(By United Press)
MARCH 11, 1942SAN BERNARDINO, CALIF., SUN
MARCH 17, 1942"POLITICS
AND
BALLYHOO"

Senator Bunker's "Blast" at the officials of Basic Magnesium, Inc. who have the contract at Las Vegas for the construction of the \$60,000,000 Defense Plant was not a complete surprise. For some months fires have been smoldering in the southern city and when the smoked clears away, who's face will be red?

Senator Bunker charges that "politics and profits, incompetency and efficiency" are the causes of the many delays.

The senator's statement appeared in a PAID ADVERTISEMENT in the Las Vegas Review-Journal. The same paper published the charges against the senator some time ago in its news columns. Is it possible that this paper would not extend the senator the same courtesy they did the officials of Basic Magnesium?

The editor of the Las Vegas Review-Journal is also state chairman of the Democratic party. He is also a member of a firm now engaged in making cement blocks. This firm has a nice fat contract with Basic Magnesium, Inc.

We believe this would be an opportune time for this individual to resign as state chairman of the Democratic party. As an editor and a big cement block he cannot devote his time to the proper handling of party affairs. And after all there isn't any money in the state chairman job.

We predict some very interesting news in the near future regarding Southern Nevada's defense program and we will no doubt hear some more blasts, but above all let's get to the bottom of the matter as soon as possible, before the BIG SHOTS start blaming LABOR for the whole thing.

BACK TO THE HORSE AND
BUGGY DAYS

As the daily announcements come in from candidates that they will seek election to public office, we suggest that candidates seeking state offices go back to the Horse and Buggy Days—for two reasons: 1. Shortage of tires and gasoline. 2. By using the horse and buggy as a means of transportation it will be impossible for candidates to cover the entire state thereby giving some of the voters a "break." Moreover, it will bring the candidate closer to the "stuff" they will be peddling as it is still customary to put the horse in the barn.

Whether or not candidates use this method, we do hope the days when candidates use a streamlined, loud-speaker are over. Most political speeches are bad, but the canned ones are worse.

THEME SONG FOR MARCH
15th, "DEEP IN THE HEART OF
TAXES."NEVADA'S REPRESENTATIVES
TO WASHINGTON

This week, in the interest of the Mining industry, all three U. S. representatives in Congress from Nevada, will be in Reno. Senator McCarran is representing a special silver committee, organized at his request to deal with the priorities of silver as they may affect Nevada mines. Senator Bunker has been appointed by Hon. Joseph F. Guffey, chairman, to represent the Senate committee on Mines and Mining. Congressman James G. Scrugham will represent the committees of the House of Representatives.

This is a most propitious time for personal harmony to prevail. It is interesting to note that our Congressional leaders very definitely have the welfare of the state at heart.

Upon completion of the hearings in Reno and Denver, our Congressional delegation can then go back to Washington and present the case of the mining interest of the state with first hand knowledge of the problems confronting Nevada.

BUNKER, JESSE
JONES IN BATTLENevada Solon Charges DPC With
'Malfeasance'; Jones Declares
Statements 'False, Misleading'

WASHINGTON, Apr. 9 (UP)—Controversy raged today over charges made in the senate by Senator Berkeley Bunker, democrat, of Nevada. Bunker charged that officials in the defense plants corporation are "guilty of malfeasance," while Jesse Jones, secretary of commerce and official at the head of the DPC, declared Bunker's statements were untrue and "contain false and misleading information."

Bunker denounced an agreement between the Defense Plants Corporation, a subsidiary of the Reconstruction Finance Corporation, and Basic Magnesium, Inc., a private concern with headquarters at Cleveland.

Huge Profit

He charged that under the company's agreement for construction of a \$63,000,000 magnesite refinery at Las Vegas, Nevada, it stands to make a profit of 4,230 per cent in one year.

Bunker said that in organization of Basic Magnesium, 45 per cent of stock went to Magnesium Elektron, Ltd., of England, which furnished knowledge of a refining process. He said the British company operated under a licensing agreement obtained from I. G. Farbenindustrie, German chemical trust.

"There is a serious question as to the contribution of Magnesium Elektron, Ltd., of the process, since they do not own, nor do they have the license to operate this process in the United States," said Bunker.

"The American patents controlling the process are held by an American corporation, one-half of the stock of which belongs to the Aluminum Company of America and one-half of which directly or indirectly belongs to the German interests."

Bunker said that "if the agreement between the Defense Plant Corporation and Basic Magnesium, Inc., represents a cross section of conduct on the part of the Defense Plant Corporation, I can come to only one conclusion: We are tolerating the existence of an agency of the government that is so corrupt that it would make profiteering in the last war look like petty larceny by comparison."

When Bunker concluded Senator John Thomas, democrat, Idaho, congratulated him.

"Those fellows shouldn't be investigated," he said. "They should be prosecuted. They should be jailed. Those are the things that are undermining the confidence of the people."

(Continued on Page Two)

of the country in the whole defense setup.

"We must prosecute the fellows who are looting the treasury."

Reviews Expenses

Bunker reviewed what he described as the "interesting and almost unbelievable expenditures of the taxpayers money" in connection with the agreement. He listed:

1. A "gift" of \$300,000 from the Defense Plant Corporation to Basic Magnesium for "supervising" construction of the project. The sum was granted in addition to grants for salaries, wages, actual construction costs and profits, Bunker said.

2. Payment of \$211,000 to Basic Refractories, Inc., the parent of Basic Magnesium. Bunker said the sum "no doubt" includes funds for trips to Washington and the hotel expenses of Howard P. Eells, Jr., Cleveland, president of Basic Refractories.

3. Payment of \$28,000 by the Defense Plant Corporation to a firm of architects, for using plans for 800 demountable houses—plans which had previously been used on another government project.

4. Payment of \$25,000 a year to distributors of a special type of British Columbia peat moss used in manufacture of magnesium, "which they no longer have to distribute."

5. He charged that DPC is paying the traveling expenses of 45 officials of Basic Magnesium now in England studying the production process. "At the same time, DPC is paying the salaries of English technicians who are in America promoting the interests of their company," he said.

In a formal statement, Jones said:

"Senator Bunker's statements made in a speech on the floor of the senate today, accusing R.F.C. officials of wrong-doing, are unworthy of a United States senator and cannot go unchallenged. The senator must know these statements are untrue."

"The magnesium plant that is being built by the government near Las Vegas, Nevada, will cost approximately \$70,000,000 and have an estimated annual capacity of 112,000,000 pounds of metallic magnesium."

"Nine separate contractors are participating in the construction. The fees to be paid these nine contracting and engineering firms, together with the fee to Basic Magnesium, Inc., for its engineering plans, supervision, and 'know-how' will aggregate less than two per cent of the total cost of the plant."

"The operating or management fee of the plant is to be one-half cent per pound of magnesium produced, which is approximately two per cent of the estimated cost."

"The royalty for the ores will not exceed one-quarter cent per pound of magnesium metal produced."

"No irregularities have been discovered in the construction of the plant that would warrant the irresponsible statements made by Senator Bunker. The plant is wholly owned by the government and will be operated for its account. All expenditures in connection with the construction of the plant as well as its operation are carefully audited as the work progresses."

"Defense Plant Corporation contracted with Basic Magnesium, Inc., for the construction of this plant at the request of OPM and the war department, and the government's interest is fully protected."

"Senator Bunker's speech contains false and misleading statements which it takes no courage to make under his cloak of immunity."

Senator Bunker on
Prospecting Trip

Shown Tungsten Ore by
Fluorescent Light During
Cold Night on Desert

(The Mining Record)

FALLON, Nev.—When U. S. Senator Berkeley L. Bunker was recently on a prospecting trip during one of the coldest nights in March to explore tungsten deposits in southern Churchill county, he spent hours facing the chill of mountain winds, admiring the glow of scheelite under fluorescent lights.

He had been persuaded by Cye Cox of Fallon, well known Nevada prospector, to see for himself the numerous deposits of tungsten ore now greatly needed for the war efforts. In company with another prospector, W. G. Jones, also of Fallon, Senator Bunker walked from claim to claim where the scheelite crops at the surface.

The object, Cox said this week, was to show what Nevada claim owners have to offer in strategic metals which cannot be marketed because there is no mill nearby to produce the concentrates. For \$50,000, Cox told the senator, a small mill could be built to handle a substantial amount of this ore. But, he added, "if the government were to build a mill, it would cost \$50,000."

The prospector told the senator that there is a wide gap between the geological survey and the bureau of mines on the one hand, and small prospectors over the country who would and could produce if they had the outlet. Present financing stoppage and present methods of exploration do not encourage prospecting and development, Cox declared.

Las Vegas Review-Journal
March 9 1942Senator Bunker
Arrives In Vegas

Senator Berkeley L. Bunker arrived in Las Vegas last evening and will be here until Wednesday laying plans for his forthcoming campaign for reelection.

The senator has been appointed special representative of the mines and mining committee of the United States senate to represent the committee at the conference in Reno March 12 concerning the production of strategic minerals, and will leave Wednesday for the north to attend.

Following that conference, Bunker's itinerary calls for returning to Las Vegas on the 17th and he will remain until the 21st.

MAR. 15, 1942 511
TULSA, OK. WORLDReplacement Complete
For Magnesium Plant

LAS VEGAS, Nev., March 11 (AP)—Only 148 hours after work started on a temporary administration building for Basic Magnesium, Inc., the structure was completed and fully equipped with office machines and communications system, and employees were back at their desks, at 4 p. m. today.

The building replaces the one burned last Friday night at the plant, a \$63,000,000 project being financed by the Defense Plant corporation.

The temporary administration structure is equivalent in size to an eight-story building, 59 by 150 feet.

Within 80 hours after work started, the engineering personnel was rehoused. All designs and specifications for the plant were saved from the fire and plant construction was not interrupted.

Nevada Politics

468 By The Observer

Representative James G. Scrugham, who holds the key to a large number of political aspiration locks, has no intention of revealing his political intentions for at least 90 days, he told friends in Reno during the week. Scrugham may seek the Democratic nomination for the United States senate and if he does up will go the hopes of quite a number of Democrats who think they are entitled to take over Scrugham's desk in the house of representatives.

Senator Berkeley Bunker, serving a two-year appointive term, is officially in the race for election to the four-year senate term and he is busy now lining up his forces. Scrugham, better known than Bunker throughout the state, has an organization that he can whip into shape in no time but he also has other problems that only the passage of time, namely 90 days, will solve for him. Scrugham, who served in the last war and is an army colonel, would like nothing better than active war service in his capacity as a colonel and since he has technical training and education, he may find a spot just to his liking where his service will be of some benefit to the military establishment. If he does he may seek election to the house of representatives and if it can be arranged, serve in the army too. Otherwise it is a safe bet to consider him as a candidate for the senate unless the whole war situation changes.

Members of congress, both Republicans and Democrats, are a little worried about political conditions right now and many of them, who in the past had little difficulty in being elected and re-elected, see danger ahead. They say frankly that if the United Nations are still on the defensive in November and the headlines in the newspapers still tell about Japanese and German successes then members of congress will have difficulty in defeating the weakest of opponents.

They blame it on morale. Victories pep up morale and those in office gain thereby. Defeats drop morale and those in office suffer.

Senator Bunker, in addition to dropping a bombshell in Democratic ranks here by announcing that he will demand the replacement of R. L. Douglass as internal revenue collector for Nevada, stirred up quite a furore in Las Vegas during the week when he took a widely advertised crack at the Basic Magnesium Company and particularly its directing head, Howard Eells. It started when the magnesium company started out to build a company-owned town and Senator Bunker opposed it at the request of Las Vegas business men on grounds that it would be another tax-free community which the county would have to support with schools and other facilities. Eells took exception to Bunker's activity and, according to Bunker, tried to bring pressure to bear on him to withdraw his opposition. Now Bunker has demanded an investigation by the Truman senate committee and the inquiry is scheduled for this month with at least four senators present. In the statement made by Senator Bunker, which took an entire page of the Las Vegas Review Journal, he made the following observations:

It is interesting to note that neither Senator McCarran nor Representative Scrugham took any hand in the Las Vegas troubles but left it all to Senator Bunker and he can claim full credit and take all the blame.

Announcement by Judge B. F. Curlier of the district court here that he intends to seek re-election upset the calculations of a number of attorneys as expressed by the Sparks Tribune:

"The announcement of Judge B. F. Curlier that he would run for district judge for another term took the aspirations out of a lot of the aspiring lawyers in Reno, and it may be that there will be little opposition to the two present incumbents, Judges Curlier and McKnight. Both make good judges and both have hosts of friends and it would be a difficult matter to unseat either of them."

Judge Curlier began his career on the bench on November 25, 1898, when he was appointed to succeed Judge A. E. Cheney, resigned.

Judge Curlier was elected in the November election of 1898 in a three-cornered contest in which T. V. Julien and William Webster were other candidates. Webster was a Democrat, Julien, Peoples party candidate, and Curlier ran on the silver ticket. Judge Cheney was not a candidate and soon after the election Cheney resigned and Curlier, who would have taken the bench on the first of year, was appointed to fill the vacancy by Gov. Reinhold Sadler. Judge Curlier was re-elected in 1902, defeating Judge Frank H. Norcross, and was not a candidate in 1906. In 1930 he was again elected and has been on the bench since then.

BURNING SAID
'CONVENIENT'

(By United Press)
RENO, Nev., March 16.—Senator Berkeley L. Bunker, Nevada Democrat, today charged that the records of Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "conveniently burned" in a fire which destroyed the company's administration building March 6.

The Truman senate investigating committee on national defense will spend three days at Las Vegas next week, Bunker said.

"When I asked for an investigation of the Basic Magnesium plant, Howard Eells, company president, said his books and records were open for investigation. How can they be when they were conveniently burned?"

The war department today announced that evidence indicated the fire was not caused by sabotage, Bunker said he was unable to place blame for the fire.

Bunker charged that the organization of the magnesium plant was "wasting the taxpayer's money. In my opinion the company is more interested in personal profits than in winning the war."

"Eells has attempted to make the public believe that the fire was caused by sabotage. This, in my opinion, is not the case." The fire damage was estimated at several hundred thousand dollars. Construction of the plant has proceeded without delay, the war department said.

"I am going to take the magnesium plant situation straight to Jesse Jones (head of the R.F.C. which financed the project) unless the setup is reorganized."

WHITTIER, CALIF.,
NEWS
MARCH 16, 1942Plant "Conveniently
Burned", Charged

(By United Press Local Wire)
RENO, Nev., March 16.—Sen. Berkeley L. Bunker, D. Nev., today charged that the records of Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "conveniently burned" in a fire which destroyed the company's administration building March 6.

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SAN MATEO, CALIF., TIMES-LEADER
MARCH 16, 1942Senate to Probe
Magnesium Fire

RENO, Nev., March 16.—(AP)—Sen. Berkeley L. Bunker (D., Nev.) today charged that the records of Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "conveniently burned" in a fire which destroyed the company's administration building March 6.

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Bunker Asserts Metal Plant Records Burned

Senator Bunker Takes Aggressive Steps to Oust Opponents and Attacks Magnesium Officials

Senator Berkeley Bunker, who is filling a two year term in the United States Senate as the result of the death of Senator Key Pittman, has created much unrest and tumult in political circles since his arrival in Nevada last week. It is evident from what has transpired that the Junior Senator is determined to start the fight against his

political opponents before they can start the campaign against him.

Last week in Las Vegas, Senator Bunker directed a full page attack against Howard Eells, president of Basic Magnesium company, and charged that the organization was wasting the taxpayers' money. At the same time Eells informed Bunker that the books of the company were open for investigation, but since then there has been a fire which destroyed the office building of the plant, and the Senator intimates that the books of the company were also destroyed by fire. Bunker says that he is going to take the magnesium situation directly to Jesse R. Jones, head of the R.F.C. which financed the plant, unless a reorganization is effected. Bunker is out to have Eells removed from his controlling position.

The trouble started over the location of the townsite of the plant. Eells wants a new townsite near the plant, and Senator Bunker wants the employees housed at Las Vegas and Boulder City, and has secured an appropriation of over three quarters of a million dollars for a sewer system at Las Vegas, and says that it will save the taxpayers ten million dollars to have the housing construction at Las Vegas and Boulder.

With this particularly fragile egg in the basket, the Junior Senator turned his attention to prominent office holders in the Federal ranks who have been opposed to his nomination and election, and are understood to favor the candidacy of Congressman Scroggins for the job. Together with Senator McCarran, the Junior Senator present-

ed the name of State Senator Leslie Koefed as his choice for U. S. Marshal in place of Frank Middleton. Middleton has been serving until his successor is appointed, and it is probable that in course of time Koefed will get the job. Just how long it is hard to forecast. The naming of Koefed has not raised any opposition, and such a change would be satisfactory to most everyone in all factions of the Democratic party.

Following this announcement Senator Bunker came out with another that surprised many, but was expected by those that follow political trends. He declared that the Collector of Internal Revenue, Robert Douglas must go, and that if he did not resign that charges of violation of the Hatch Act would be preferred against him. (This is the all inclusive act that is supposed to curb the political activities of everyone remotely connected with Federal service, but is generally forgotten except when some one in a Federal job is against you.)

Bunker has endorsed Francis M. Young of Reno for the position. Young is an automobile of the older Reno firms, but has not been very active in political affairs in this state.

If successful in disposing of these two major offices it is probably the intention of Senator Bunker to pay some attention to other office holders in the smaller positions, and it may be that Harry MacSherry and others will be required to turn in their resignations, or else.

Senator Bunker openly declares that he sees no reason why he should permit these men to retain political plums while they are running up and down the state opposing him at every stop.

All of the men mentioned are connected with what was once known as the Pittman wing of the Democratic party, and another term frequently used was the "Old Guard."

The sudden activity of Bunker presages an interesting primary and perhaps a spectacular general election in this state. As one old campaigner remarked yesterday: "The campaign of 1942 has started, and, boy! She will be a warm one."

Sabotage Not Determined Fire Cause

Nevada Senator To Take Matter Before R.F.C. Head

(United Press)

LAS VEGAS, (Nev.)—Nevada's Senator Berkeley L. Bunker charged today that records of the Basic Magnesium, constructing a \$63,000,000 defense metals plant here, were "conveniently burned" where fire razed the company's administration building March 6.

ASKS INVESTIGATION

"When I asked the Truman defense committee to investigate the Basic Magnesium, Inc., operations, Howard Eells, its president, said his books and records were open for inspection. How can they be when they were conveniently burned," the junior United States senator from Nevada questioned.

The war department has announced they found no evidence or no indications of sabotage in the \$500,000 fire which swept the administration building of Basic Magnesium and the McNeil Construction company on the night of March 6. No cause for the blaze was announced.

UNABLE TO PLACE CAUSE

Senator Bunker said he is unable to place the cause of the fire. He charged that the Basic Magnesium setup is wasting the taxpayers' money and that Eells is more interested in profits than winning the war. Bunker said that Eells attempted to make the public believe the cause of the fire was sabotage. This was not the cause in my opinion, according to Bunker.

"I am going to take the magnesium situation straight to Jesse Jones (head of the Reconstruction Finance corporation) unless the Basic setup is reorganized," Bunker said.

DRAWINGS SAVED

The war department announced that all essential drawings were saved from the administration building and that construction of the big plant, destined to be the world's largest factory for producing magnesium for incendiary bombs, is proceeding.

Bunker charged last week that "profits and politics, incompetency and inefficiency" are hampering construction of the big plant. Bunker declares he had been "threatened with being run out of the United States senate" because he opposed a plan to establish a company town at the plant site which "would have

—Cont'd on page 6, Col. 5

—Cont'd from Page 1
been operated by the company and the concession sold at fancy prices."

The Truman senatorial committee, investigating defense production, will be in Las Vegas for three days next week.

NEW YORK — The Federal Bureau of Investigation today arrested Richard Friedrich Freund, 54, for supplying Germany with aviation engineering information. Freund was arrested as he was preparing to leave for Las Vegas, Nev., to work at the \$63,000,000 Basic Magnesium, Inc., plant there.

MERCED, CAL., SUN-STAR
Ch. 5,023
MARCH 16, 1942

Senator Charges Books Were Burned

RENO, Nev., (UP)—Sen. Berkeley L. Bunker, D., Nev., today charged that the records of Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "conveniently burned" in a fire which destroyed the company's administration building March 6.

The Truman Senate investigating committee on national defense will spend three days of Las Vegas next week, Bunker said.

"When I asked for an investigation of the basic magnesium plant, Howard Eells, company president, said his books and records were open for investigation. How can they be when they were conveniently burned?"

WATSONVILLE, CAL., REGISTER-PAJARIANIAN, Ch. 2,301
MARCH 16, 1942

Fire Does Not Halt Magnesium Plant Work at Las Vegas

BULLETIN
RENO, Nev., (UP) — Sen. Berkeley L. Bunker, D., Nev., Monday charged that the records of the Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "conveniently burned" in a fire which destroyed the company's administration building March 6. The Truman senate investigating committee on national defense will spend three days at Las Vegas next week, Bunker said.

WASHINGTON (AP)—The war department said Monday that construction of a magnesium plant at Las Vegas, Nev., has proceeded without delay in spite of a fire March 6 which destroyed the administration building.

The announcement was based on a report from Basic Magnesium, Inc., which is constructing the plant for the government. The report said evidence indicated that the fire was not caused by sabotage.

Most of the destruction, according to the report, was confined to incomplete engineering drawings and notes. All essential drawings were saved.

Temporary quarters were available for the entire force beginning March 9. The administration building was completed March 13, less than a week after the fire, the report said.

Bunker Charges Basic Magnesium Is Wasting Money

Will Press Demand For Reorganization At Washington, D. C.

RENO, Mar. 16—(UP)—United States Senator Berkeley L. Bunker charged today that Basic Magnesium's records were "conveniently burned" on March 6, when the company's administration building was destroyed. He said:

"When I asked that the Truman defense committee investigate Basic Magnesium, Inc., Howard Eells, the president, said that his books are open for inspection. "How can they be when they were conveniently burned?"

The war department announced that there was no indication of sabotage connected with the fire in the Basic Magnesium, Inc. building, but did not offer a cause of the blaze.

The war department said that all essential drawings were saved, and that construction work proceeded without delay.

Senator Bunker said he is unable to place any cause for the fire, but charged that the company setup is wasting the taxpayers' money, and that Eells is more interested in profits than in winning the war.

Bunker said Eells attempted to make the public believe that sabotage caused the fire.

"This is not the case, in my opinion," said Bunker. "I am going to take the magnesium situation straight to Jesse Jones (head of the R.F.C.) unless the Basic company's setup is reorganized."

Referring to the office of collector of internal revenue for Nevada, Bunker said:

"I will also prefer Hatch Act charges against R. L. Douglas unless he resigns like a gentleman." Bunker claimed that Douglass has dabbled in politics.

Probe of Magnesium Company Is Urged

LAS VEGAS, Nev., March 12—Charging that Basic Magnesium, Inc., sought to set up a company town at a cost of \$16,000,000 to taxpayers, Senator Berkeley L. Bunker (D., Nev.) has urged the Truman Committee of the Senate to probe the firm, which is building a \$63,000,000 plant here, with financing by the Defense Plant Corporation.

Nevada Plant Burning Said 'Convenient'

(By United Press)

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"I am going to take the magnesium plant situation straight to Jesse Jones (head of the R.F.C. which financed the project) unless the setup is reorganized."

ELKO, NEV., FREE PRESS
Ch. 1,254
MARCH 16, 1942

Bunker Charges Magnesium Fire 'Convenient'

RENO, March 16 (UP)—Senator Berkeley L. Bunker charged here today that the records of Basic Magnesium were "conveniently burned" on March 6 in the fire which swept the administration building of the plant at Las Vegas.

"When I asked Senator Truman of the defense committee to investigate Basic Magnesium, Howard Eells, president of the company, said his books and records were open for inspection. How can they be when they were conveniently burned?" Senator Bunker asked.

NO CAUSE ANNOUNCED

The war department announced that the evidence did not indicate that the administration building fire had been caused by sabotage, but did not announce what the cause was believed to have been.

Senator Bunker said he is unable to place the cause of the fire. He charged that the Basic Magnesium setup is wasting the people's money and that Eells is more interested in profits than in winning the war.

He said that Eells has attempted to make the public believe sabotage was the cause of the fire. "This, in my opinion, is not the cause," Bunker said.

"TO JESSE JONES"

"I'm going to take the magnesium situation straight to Jesse Jones (R.F.C. chairman) unless the Basic Magnesium setup is reorganized," he said.

Senator Bunker also said that he would prefer Hatch Act charges against R. L. Douglass, Nevada collector of internal revenue, "unless he resigns like a gentleman."

The junior senator claimed that Douglass has dabbled in politics. Meanwhile the war department announced that all essential drawings for the completion of the Basic Magnesium plant were saved from the fire and that construction has proceeded without delay.

SPARKS, NEV., TRIBUNE
Ch. 710
MARCH 17, 1942

Bunker Charges Records Burned 'Conveniently'

RENO, Nev., (UP)—Sen. Berkeley L. Bunker, D., Nev., today charged that the records of Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "conveniently burned" in a fire which destroyed the company's administration building March 6.

The Truman Senate investigating committee on national defense will spend three days at Las Vegas next week, Bunker said.

"When I asked for an investigation of the Basic Magnesium Plant, Howard Eells, company president, said his books and records were open for investigation. How can they be when they were conveniently burned?"

HOLLYWOOD, CAL., CITIZEN-NEWS
Ch. 29,000
MARCH 17, 1942

MAGNESIUM CHIEF DENIES CHARGES

Howard P. Eells Jr., president of Basic Magnesium, Inc., Las Vegas, Nev., today issued a statement emphasizing denial of asserted charges by Senator Bunker that the management of the company is guilty of "incompetence, fraud and arson."

He said such statements and implications are false and that the company welcomes an investigation and would reiterate its demand for such an inquiry if one were not already scheduled.

He said evidence disclosed that there was neither sabotage nor negligence in the fire of March 6 which destroyed the administration building at the plant.

SANTA MARIA, CAL., TIMES
Ch. 2,584
MARCH 17, 1942

Charges Waste

LAS VEGAS, Nev.—Sen. Berkeley L. Bunker, D., Nev., charged today that "profits and politics, incompetency and inefficiency" are hampering construction of the \$60,000,000 Basic Magnesium, Inc., plant near Las Vegas and demanded a senatorial investigation.

Bunker Says Basic Magnesium Records Burned

Solon Committee To Start Inquiry Into Vegas Plant

Nevada Senator Says Basic Records "Conveniently Burned" During Recent Fire At Vegas Building.

RENO, March 16 (U.P.)—United States Senator Berkeley L. Bunker today continued his attack upon the management of Basic Magnesium, Inc., by charging that the company's records "were conveniently burned" March 6 when fire destroyed the huge office building at the site of the new \$63,000,000 magnesium plant near Las Vegas.

"When I asked the Truman committee, which is investigating defense projects, to inquire into the operations at the Basic plant near Las Vegas," Bunker declared, "Howard Eells, president of Basic Magnesium, said his books and records were open for inspection."

"How can they be open for inspection when they were conveniently burned?" Bunker asked.

It was revealed that the war department has announced that present evidence does not indicate that sabotage caused the fire which destroyed the huge office building. (A similar structure was rebuilt in 140 hours on the site of the burned building and is now in occupancy.) While discounting the sabotage theory, the war department did not indicate the cause of the blaze.

Bunker said that he has not been able to place the cause of the fire. He spent three days in Las Vegas last week but the nature of his investigation into the fire was not disclosed.

The senator charged that the set up as in operation by the company headed by Eells is wasting the taxpayers' money. He said that Eells is more interested in profits than in winning the war.

Bunker charged that Eells has attempted to make the public believe that the administration building fire was of incendiary origin and declared "that this is not the case in my opinion."

The young senator declared that he is going to take the magnesium situation straight to Jesse Jones, director of the reconstruction finance corporation, unless the entire set up of Basic Magnesium company is changed. This was taken to indicate that he will insist upon the resignation of Eells and others from high positions in the company.

The war department's announcement concerning the magnesium plant fire also said that all essential drawings connected with the building program, were saved from destruction in the fire. The statement said that construction work has proceeded without delay.

Bunker called for a thorough investigation of Basic Magnesium's operation at Las Vegas last week in a paid advertisement in a Las Vegas newspaper charged the operating firm with "incompetency and inefficiency."

It was revealed that the Truman

Continued on Page Four

Continued From Page One
committee plans to be in Las Vegas for three days next week. The committee is headed by Senator Harry S. Truman, D., Mo. Other members include Senators Harley M. Kilgore, D., W. Va., Rufus C. Holman, R., Oregon, and Joseph H. Ball, R., Minn.

Eells shortly after Bunker made his opening charge against his firm declared: "We will welcome any official impartial investigation at any time. Our books and records are open."

RENO, NEV. JOURNAL
MARCH 17, 1942

BUNKER AGAIN SEEKS INQUIRY OF BIG PLANT

Records Said Burned In Recent Fire At Site

Sen. Berkeley L. Bunker yesterday charged that the records of Basic Magnesium, Inc., which is building a \$63,000,000 magnesium plant at Las Vegas, Nev., were "burned" in a fire which destroyed the company's administration building March 6.

The Truman senate investigating committee on national defense will spend three days at Las Vegas next week, Bunker said.

"When I asked for an investigation of the Basic Magnesium plant, Howard Eells, company president, said his books and records were open for investigation. How can they be when they were burned?"

The war department yesterday announced that evidence indicated the fire was not caused by sabotage. Bunker said he was unable to place blame for the fire.

Bunker charged that the organization of the magnesium plant was "wasting the taxpayers' money. In my opinion the company is more interested in personal profits than in winning the war."

"Eells has attempted to make the public believe that the fire was caused by sabotage. This, in my opinion, is not the case." The fire damage was estimated at several hundred thousand dollars. Construction of the plant has proceeded without delay, the war department said.

"I am going to take the magnesium plant situation straight to Jesse Jones (head of the RFC which financed the project) unless the set-up is reorganized."

Bunker, referring to request for the investigation of R. L. Douglass as collector of internal revenue, also said he would prefer charges under the Hatch Clean Politics Act against Douglass "unless he resigns."

WINNEMUCA, NEV. (U.P.)
MARCH 16, 1942

Basic Magnesium Company Defends Stand at Las Vegas

LAS VEGAS (U.P.)—Howard P. Eells, Jr., president of Basic Magnesium, Inc., which is constructing a \$63,000,000 magnesium plant here, today issued a statement relative to charges made against the concern by Nevada's Senator Berkeley L. Bunker.

HOUSING CRISIS

"In hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospital for this area and we urged his constituents to persuade the senator to reverse his position in the interests of the defense efforts," Eells said.

Eells declared that since fire destroyed the big administration building on March 6 Senator Bunker has made implications of a false nature against the company. "We repeat our statement of March 11 that we will welcome any official, impartial investigation at any time. Our books and records are open. This is a time for patriotism and not politics," Eells said.

"We wish to add that we would demand such an investigation were it not already scheduled. Existing records are ample to establish all facts pertinent to the senator's implications and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7."

LAS VEGAS, NEV. (REVIEW-JOURNAL)
MARCH 17, 1942

EELLS SAYS BMI IS READY AND WILLING FOR ANY PROBE

In a statement dictated by telephone from Cleveland, Ohio, for press release today, Howard P. Eells, Jr., president of Basic Magnesium, Inc., announced: "On January 15, in hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospital for this area, and we urged his constituents to persuade the senator to reverse his position in the interest of defense efforts."

"Almost two months after our statement, but shortly following the fire that destroyed our administration building the night of March 6, Senator Bunker has implied, in public print, that our management is guilty of incompetence, fraud and arson."

"Such statements and implications are false. We repeat our statement of March 11, that we will welcome any official, impartial investigation at any time. Our books and records are open. Members of our organization expect to retain their positions only so long as they produce results. To us, this is a time for patriotism, and not politics."

COLOMBIA, NEV. (NAPAC TRIBUNE)
MARCH 20, 1942

NEW CHARGE HURLED AT BASIC CO. HEAD

(U.P.)—United States Senator Berkeley L. Bunker continued his attack upon the management of Basic Magnesium, Inc., by charging that the company's records "were conveniently burned" March 6 when fire destroyed the huge office building at the site of the new \$63,000,000 magnesium plant near Las Vegas.

"When I asked the Truman committee, which is investigating defense projects, to inquire into the operations at the Basic plant near Las Vegas," Bunker declared, "Howard Eells, president of Basic Magnesium, said his books and records were open for inspection."

"How can they be open for inspection when they were conveniently burned?" Bunker asked.

It was revealed that the war department has announced that present evidence does not indicate that sabotage caused the fire which destroyed the huge office building. (A similar structure was rebuilt in 140 hours on the site of the burned building and is now in occupancy.) While discounting the sabotage theory, the War department did not indicate the cause of the blaze.

The senator charged that the set-up as in operation by the company headed by Eells is wasting the taxpayers' money. He said that Eells is more interested in profits than in winning the war.

Bunker charged that Eells has attempted to make the public believe that the administration building fire was of incendiary origin and declared "that this is not the case in my opinion."

The young senator declared that he is going to take the magnesium situation straight to Jesse Jones, director of the reconstruction finance corporation, unless the entire set-up of Basic Magnesium company is changed. This was taken to indicate that he will insist upon the resignation of Eells and others from high positions in the company.

It was revealed that the Truman committee plans to be in Las Vegas for three days next week. The committee is headed by Senator Harry S. Truman (D-Mo). Other members include Senator Hary M. Kilgore (D-W. Va.), Rufus C. Holman (R-Ore.), and Joseph H. Ball (R-Minn.).

"To this, now, we wish to add that we would demand such an investigation were it not already scheduled."

"Existing records are ample to establish all facts pertinent to the senator's implication and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7."

"As to the causes of the fire after reviewing all circumstances we made a preliminary report to Defense Plants corporation on March 13 as follows: 'All evidence regarding source of fire established beyond any reasonable doubt that there was neither sabotage nor negligence.'"

TONOPAIL, NEV. (TIMES, SOUVENIR)
MARCH 16, 1942

Basic Magnesium Official Refutes Charges of Bunker

Reply To Senator Bunker Issued By Basic President

LAS VEGAS, March 18—A reply to United States Senator Berkeley L. Bunker's charges directed against the management of Basic Magnesium, Inc., builders of the huge \$63,000,000 magnesium plant near here, was issued today by Howard P. Eells, Jr., president of the corporation.

Eells' statement as issued to newspapers follows:

"On January 15th, in hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospitals for this area and we urged his constituents to persuade the senator to reverse his position in the interest of the defense effort."

"Almost two months after our statement and but shortly following the fire that destroyed our administration building on the night of March 6th, Senator Bunker implied, in public print, that our management is guilty of incompetence, fraud and arson."

"Such statements and implications are false. We repeat our statement of March 11th that, we will welcome any official, impartial investigation at any time. Our books and records are open. Members of our organization expect to retain their positions only so long as they produce results. To us, this is a time for patriotism, not politics."

"To this, now, we wish to add that we would demand such an investigation, were it not already

Continued on Page Four

scheduled. Existing records are ample to establish all facts pertinent to the senator's implications and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7."

"As to the causes of the fire, after reviewing all circumstances we made a preliminary report to defense plant corporation on March 13th as follows: 'All evidence regarding source of fire establishes beyond any reasonable doubt that here was neither sabotage nor negligence.'"

Implications Of Senator False, Says

Eells Invites Inspection Of Books

LAS VEGAS, March 18 (Special)—Howard B. Eells, Jr., president of Basic Magnesium, Inc., refuted charges here today, which were made by Senator Berkeley Bunker of Nevada. In a prepared statement, he said:

"On January 15th, in hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospitals for this area and we urged his constituents to persuade the senator to reverse his position in the interest of the defense effort."

IMPLICATIONS

"Almost two months after our statement but shortly following the fire that destroyed our administration building the night of March 6th, Senator Bunker has implied, in public print, that our management is guilty of incompetence, fraud and arson."

"Such statements and implications are false."

"We repeat our statement of March 11th, that we will welcome any official, impartial investigation at any time. Our books and records are open. Members of our organization expect to retain their positions only so long as they produce results. To us, this is a time for patriotism and not politics."

PROBE SCHEDULED

"To this now, we wish to add that we would demand such an investigation, were it not already scheduled."

"Existing records are ample to establish facts pertinent to the senator's implications and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7th."

"As to the causes of the fire, after reviewing all circumstances, we made a preliminary report to the Defense Plant corporation on March 13th as follows: 'All evidence regarding source of fire establishes beyond any reasonable doubt that there was neither sabotage nor negligence.'"

EELLS ACCEPTS CHALLENGE FOR SENATE COMMITTEE HEARING

Basic Magnesium, Inc., Head Eager to Meet Charges of Fraud, Arson and Incompetent Management Made by Senator Bunker

Accepting the challenge of Senator Berkeley Bunker's charges of fraud and arson against Basic Magnesium, Inc., and especially against its president, Mr. Howard Eells, president of Basic Magnesium, has issued the following statement:

"On January 15, in hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospitals for this area and we urged his constituents to persuade the senator to reverse his position in the interests of the defense efforts.

"Almost two months after our statement but shortly following the fire that destroyed our administration building the night of March 6th, Senator Bunker has implied, in public print, that our management is guilty of incompetence, fraud and arson.

"Such statements and implications are false.

"We repeat our statement of March 11th that,

"We will welcome any official, impartial investigation at any time. Our books and records are open. Members of our organization expect to retain their positions only so long as they produce results. To us, this is a time for patriotism and not politics."

"To this, now, we wish to add that we would demand such an investigation were it not already scheduled.

"Existing records are ample to establish all facts pertinent to the senator's implications and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7th.

"As to the causes of the fire, after reviewing all circumstances we made a preliminary report to Defense Plant Corporation on March 13th as follows:

"All evidence regarding source of fire establishes beyond any reasonable doubt that there was neither sabotage nor negligence."

Las Vegas Review-Journal
March 23, 1942

Bunker Blasts "Pullman-Car" and "Swivel Chair" Farmers in America

Senator Berkeley L. Bunker, democrat, Nevada, commended today the fight of Representative Dirksen, Illinois republican, and Representative Monroney, Oklahoma democrat, to reduce the 1943 agriculture department appropriation bill by drastically slashing items that would go to Pullman-car and swivel-chair farmers.

"The farmers of Nevada—if I understand them correctly—want non-essential expenses eliminated from government and they are willing to start, if necessary, with the department of agriculture," said Bunker, who is in Las Vegas.

During the 1942 fiscal year, which will end next June 30, the department received \$1,127,623,845 in appropriations from congress.

"It is amazing to Nevada farmers, and to me, as well as other taxpayers of this state, that the department should ask in these times of national peril, for \$16,183,953 for travel expense for employees of the department during the year that will begin next July," Bunker said.

"It is equally startling that an item should be included for the

payment of \$555,891 for the preparation of pamphlets, brochures and yearbooks and that \$1,500,000 should be asked for printing alone. A lot of that money will go for printing the theories of highly paid men, who probably never lived or worked on a farm a day in their lives.

"It is hard to realize too that in these times, when our young manhood is fighting and dying for \$21 a month, that \$1,278,789 should be asked for the department's bureau of economics, which has 1,141 employees, 766 of whom are in Washington and 216 of those drawing more than \$3,800 a year. How many farmers in Nevada are making \$3,800 a year?"

"I am in favor of the government doing everything reasonable that it can to insure a fair return to the farmer for his efforts—and that is all he ever asked."

"I think, for instance, that certain parity payments are essential, and that the work of the experiment farms is absolutely necessary, because they have demonstrated their value in remedying crop diseases, improving crop production, developing new crops and a thousand other things."

Congressman Scrugham May Be Forced to Declare Himself; Bunker's Activities Brings the Democratic Campaign to a Head

Did Senator Bunker strike too soon, or too late? Can Congressman Scrugham afford to delay another two or three months before telling what he intends to do?

These two questions are outstanding in Nevada politics.

Senator Bunker has not been taken too seriously as a Democratic nominee for United States Senator. While everyone has a good word for the youthful solon it has been rather on the lines of "damning with faint praise." After praising the Senator and his activities most of the politicians proceed to the interesting game of hunting another candidate.

Bunker has many friends, most of his supporters are among the younger element. He has supported the President and has been in line with his party policies. He has worked hard, and has undoubtedly effected much good for Nevada, but lacks a good press agent. He has been a Senator for a year and a half but has not had any of his personal selections in public office in the state, especially in high places, and this has been a disadvantage. Many of the Democratic appointees have been openly against the Senator for nomination and election, and have rather increased their opposition in recent weeks.

There is now only five months before the primaries, and the sudden activity of the Senator may, or may not be, good politics. It has cemented the opposition that has always been against him, and if he fails to accomplish his announced objectives, he stands the chance of losing additional strength.

The three things that he has done quickly that must be successful to give him strength are:

The appointment of Senator Koefed as U. S. Marshal. This is conceded and will be accomplished in due time as the term of Middleton has expired, and there is no opposition to Koefed. The Senator will win this one.

The second is the ousting of R. L. Douglas as U. S. Internal Revenue Collector, the cream of the federal political jobs in Nevada.

Bunker has named H. W. Young of Reno, a young man who is rather unknown. A resident of Reno for years, but not particularly identified in political life. But the rub lies in getting rid of Douglas. The Junior Senator says Douglas must resign or he will prefer charges for violation of the Hatch Act by engaging in pernicious politics. To do this takes time, and the Senator has at the most only five months to accomplish his purpose. Less time, probably, because he must make his strength felt long before the primaries in order to gain votes. If he fails to oust Douglas, in time for the primary then it will weaken the Senator in the voting at that time.

The third thing that Bunker has started and that must be solved in a way favorable to the Senator if it is to accomplish any good for him, is the attack that he has made on Howard Eells, head of the Basic Magnesium Company, and the charges that the taxpayers' money is being wasted by the policies being advocated and pursued by Eells. Few of the voters were aware of any differences between Senator Bunker and Eells until the Senator launched charges against Eells and the Basic Magnesium Company in paid newspaper advertisements, and then reiterated charges in public statements in the press, and later was quoted as intimating that the fire that destroyed the Basic plant office was "timely" in that it probably destroyed essential records of the company that would prove Bunker's contentions.

If the Senator spoke in this strain to the press it was unfortunate as the Truman investigation that is scheduled at the Senator's request will make it necessary for him to prove all the things that he alleges, and perhaps more, too, or lose cast with the voters.

Whether or not there is real ground for an attack on the Basic Magnesium Company, and on Eells is beyond the question, in an analysis of the political

(Continued on Page Eight)

Magnesium Plant Fire Held Accident

LAS VEGAS (New), March 21.—(INS)—A fire which destroyed the administration building of Basic Magnesium, Inc., two weeks ago was declared today to have been accidental.

"We find absolutely no evidence that the fire was set by saboteurs," said Ed Lilley, Los Angeles insurance adjuster.

Sabotage Denied

LAS VEGAS, Nev., March 21 (AP)—Wilson Wells, investigator for the National Board of Fire Underwriters, reports neither sabotage nor arson caused the fire which razed the Basic Magnesium Corporation's \$25,000 administration building on March 6.

POLITICAL

(Continued from Page One)
advantage and disadvantages of the Junior Senator's sudden attack.

The one outstanding political fact is that Senator Bunker is involved in a primary campaign and unless he wins his fight against Eells and this new industry that employs thousands of men (and that is doubling the population of Clark county) within the next three months, it will probably cost votes at the election.

Altogether this sudden political activity of the Senator has raised one of the most perplexing problems for some time.

And in the meantime the position of Scrugham is something to consider. Most people believed that he would announce as a candidate for the Democratic nomination for Senator when he was in Nevada last week. But he went off to army camp, and a newspaper report was to the effect that he was flirting with the idea of running for Congress getting elected, and then entering the armed forces, but retaining his seat in Congress, and that it would be ninety days before he would announce his decision. Ninety days would bring the period to the end of June, and in the meantime there are many with aspirations who will be unable to make any plans until Scrugham informs the public whether he wants to be a Senator or a Congressman. This would give prospective candidates only July and August for a primary campaign and his is not long enough for major affairs.

Scrugham over estimated his strength when he was defeated by Fred Balzar for Governor, and

it may be that he and his friends are engaged in the same political mistake again. "In fairness to the entire state Congressman Scrugham should declare himself now" is the sentiment of several who are known to have political aspirations. The opinion is expressed that others are to be considered and should be considered, and that no man is so strong that he can feel that any office he wants is his for the asking.

Altogether it makes another interesting phase of this intensely interesting political problem.

It all sums up to the realization that Bunker must win all three of the fights that he has started, and win them long before the day of the primary election, and that Scrugham must declare his intentions, or weaken his political strength.

BUNKER AGAIN CHARGES B. M. I.

RENO, March 16.—Senator Berkeley Bunker charged here today that the records of the Basic Magnesium Company, which is building a plant at Las Vegas, were "conveniently burned" in the March 6 fire. He said the Truman investigating committee on National Defense, will spend three days at Las Vegas next week.

Bunker said, "when I asked for an investigation of the Basic Magnesium plant, Howard Eells company president, said his books and records were open for investigation, but how can they be when they were conveniently burned?"

"WASTING MONEY"

The Junior Senator said he is unable to place actual blame for the fire, but he charged that the organization of the magnesium company was "wasting the taxpayer's money. In my opinion," he said, "the company is more interested in personal profits than in winning the war. Eells has attempted to make the public believe the fire was caused by sabotage. This, in my opinion is not the case and I am going to take the magnesium plant situation straight to Jesse Jones unless the setup is reorganized."

Bunker also said he would prefer charges against Collector of Internal Revenue R. L. Douglas under the Hatch act, claiming that he "dabbled in politics" unless he "resigns like a gentleman." The Douglas charge was not connected with the magnesium accusation.

MAGNESIUM HEADS ANSWER CHARGES

Guernsey Frazer, assistant to the project manager of the Basic Magnesium company, stated today in a letter to the Goldfield News that Howard P. Eells Jr., president of the company, stated Thursday that:

"On January 15, in hopes of breaking down the housing crisis from which a large number of our employees were then and are still suffering, we stated that Senator Bunker had blocked plans which had been developed to provide adequate residences, schools and hospitals for this area and we urged his constituents to persuade the senator to reverse his position in the interests of the Defense efforts.

"Almost two months after our statement but shortly following the fire that destroyed our administration building the night of March 6, Senator Bunker has implied, in public print, that our management is guilty of incompetence, fraud and arson.

"Such statements and implications are false.

"We repeat our statement of March 11, that,

"We will welcome any official, impartial investigation at any time. Our books and records are open. Members of our organization expect to retain their positions only so long as they produce results. To us, this is a time for patriotism and not politics."

"To this, now, we wish to add that we would demand such an investigation were it not already scheduled.

"Existing records are ample to establish all facts pertinent to the senator's implications and are being augmented daily in response to our radioed and telegraphic appeals for duplications, sent out March 7.

"As to the causes of the fire, after reviewing all circumstances we made a preliminary report to Defense Plant corporation on March 13 as follows:

"All evidence regarding source of fire establishes beyond any reasonable doubt that there was neither sabotage nor negligence."

Visits S. L.



Senator Berkeley L. Bunker
... Expects changes in Nevada defense plant management.

Bunker Sees Shakeup at Metal Plant

Predicts Changes in Magnesium Project Set-Up

Senator Berkeley L. Bunker of Nevada said in Salt Lake City Thursday that he had information that there is dissatisfaction with the management of the \$71,000,000 magnesium project near Las Vegas and that changes are contemplated. The senator, who has charged officials of Basic Magnesium, Inc. with excessive and unnecessary expenditures on the undertaking, stopped in Las Vegas en route from his home in Las Vegas to Washington, D. C. (Continued on Page Eighteen)

He participated in the Truman committee hearing on the project in Las Vegas Monday and Tuesday as an ex officio member. The hearing, cut short because some of the officials had to return to Washington, will be reconvened in the capital in the near future. "I definitely feel," Senator Bunker asserted, "that the incomplete inquiry has substantiated my charges of bad management and excessive expenditures. And I understand that changes are contemplated by the W.P.B."

"I am primarily interested in the permanent operation of the project and I want to see that it is carried out on a sound and proper basis."

The Nevada senator indicated that he had some recommendations in mind in connection with the magnesium operation, but would withhold them until the hearing is completed.

"It is the intention of the senate committee," he continued, "to continue the inquiry in Washington with particular reference to profits, management and salaries of officials in the higher brackets."

Senator Bunker said he believed congress should recess for at least weeks to enable members to return to their homes and ascertain the feelings of their constituents on the war in general, the labor situation and operation of the defense program.

Commenting on the recent Las Vegas fire, which destroyed the defense plant's administration building, he said, the fire was first "played up" as sabotage, but later the company announced that investigation by the FBI showed that neither sabotage nor neglect was responsible.

"The FBI," he commented, "will be given an opportunity in Washington to testify as to the cause of the fire."

The senator, who has been opposing the plan for establishment of a new town to house the workers at the plant, said that 1000 homes are now being built near the plant site and 1000 more have been requested. Efforts of private enterprise to provide housing in Las Vegas, he added, is being handicapped by the lack of skilled labor.

"Private builders," he explained, "cannot afford to pay time and one-half for overtime. But at the plant government money is being spent. Naturally, the skilled building workmen go where they can get the highest pay."

The senator arrived in Salt Lake City Thursday morning and left during the afternoon for Washington, D. C.



(By Drew Pearson and Robert S. Allen)

JAP SUBMARINE TOURED INSIDE PEARL HARBOR BEFORE ATTACK; RADIOED EXACT LOCATIONS OF OUR SHIPS TO PLANE CARRIERS; MANUFACTURERS JOIN UNION CHIEFS AGAINST FINANCE REPORTS; CONGRESSMAN CHARGES ANTI-LABOR PLOT TO HIDE PROFITS.

WASHINGTON—One amazing incident of the Pearl Harbor attack can now be told. Already announced in the Roberts Report was the fact that a small Japanese submarine was sunk off the entrance of Pearl Harbor at 6:30 a.m., about one hour before Jap airplanes came over.

The submarine has since been raised, and its navigation chart and log, translated into English, showed a remarkable voyage.

The submarine had actually made a complete tour inside this vital naval base, had escaped unseen, and the captain had noted the location of each U.S. vessel together with the time he passed it.

The chart showed the Jap sub had arrived off the entrance of Pearl Harbor at 1:50 a.m., Dec. 7—a few hours before the air attack. It waited at the harbor's mouth until 4:20 a.m., when the net was lowered to let a garbage scow out.

Then the sub sneaked in. The commander noted the location of the battleship Utah and the West Virginia—the former announced as sunk. He marked down the positions of twelve destroyers, which he said were huddled close together; also three gunboats, and the cruiser Trenton. In another place he noted "large white man's house."

The chart showed that he passed out of the harbor unseen at 5:52 a.m. and apparently lay off the harbor's mouth for the next hour while he radioed the exact location of each ship to the awaiting Jap air carriers.

About the only thing the Jap commander failed to put in his log was that at 6:33 a.m., he was sunk.

BIKE GO-ROUND

At a cocktail party the other day, Leon Henderson and Senator Burnet Maybank of South Carolina demonstrated how to ride the host's new birthday bicycle. . . . But Henderson looked at the tires, shook his head, and said, "Guayule" . . . Congressman Edith Rogers and Cabinet-wife Mrs. Claude Wickard declined to perform on the bike, though Mrs. Rogers declared she expects to ride a bicycle to work at the Capitol soon. . . . Mrs. Wickard made

Claude promise to give her a bike for her next birthday. . . . Mrs. Warren Pierson recalled that her last bicycling efforts—in Bermuda—frightened all the horses on the island.

STRANGE BEDFELLOWS

One of the most needed labor reforms today is a law compelling unions to make annual certified public reports of their finances just as corporations must report to stockholders and the SEC. Labor's exemption from this rule is one of the chief factors responsible for the dictator rule rampant in some of the biggest unions.

Most labor office holders are opposed to this reform; they are against any proposal to curb their personal power or tenure of office. But there is strong sentiment for it among the union rank-and-file. This column has received hundreds of letters from workers everywhere strongly approving compulsory accountings of the millions they pay in dues.

Probably the big-gun labor leaders by themselves would not be strong enough to prevent enactment of such legislation, but so far they have been able to block it with potent aid of a strange ally.

This extraordinary bedfellow is the National Association of Manufacturers.

The NAM is the oldest, most tireless and effective foe of organized labor in the U. S. A. Its hand is behind every bill to curb union privileges. But on the issue of public financial reports, the Manufacturers Association sees eye-to-eye with its traditional foe. It is just as violently opposed to this reform as the labor chiefs.

Reason: The manufacturers fear that such a law would be applicable also to them and, apparently, like the labor moguls, they don't want the public to know where the Association gets its money and what it does with it.

Bunker Says Charges Substantiated

Predicts Shake-up In Management of BMI Concern

SALT LAKE CITY, Utah, Mar. 27 (UP)—Expressing the belief that the Truman committee investigation held in Las Vegas, Nevada, "substantiated my charges of bad management and excessive expenditures," Senator Berkeley L. Bunker yesterday predicted a shake-up in the management of Basic Magnesium, Inc., contractors for Defense Plants corporation building the huge war industry at the Nevada community.

"I am primarily interested in the permanent operation of the project and I want to see that it is carried out on a sound and proper basis."

Has Plans in Mind

The Nevada senator indicated that he had some recommendations in mind in connection with the magnesium operation, but would withhold them until the hearing is completed.

"It is the intention of the senate committee," he continued, "to continue the inquiry in Washington with particular reference to profits, management and salaries of officials in the higher brackets."

Senator Bunker said he believed congress should recess for several weeks to enable members to return to their homes and ascertain the feelings of their constituents on the war in general, the labor situation and operation of the defense program.

Talks of Fire

Commenting on the recent Las Vegas fire, which destroyed the defense plant's administration building, he said, the fire was first "played up" as sabotage, but later the company announced that investigation by the FBI showed that neither sabotage nor neglect was responsible.

"The FBI," he commented, "will be given an opportunity in Washington to testify as to the cause of the fire."

Building Homes

The senator, who has been opposing the plan for establishment of a new town to house the workers at the plant, said that 1000 homes are now being built near the plant site and 1000 more have been requested. Efforts of private enterprise to provide housing in Las Vegas, he added, are being handicapped by the lack of skilled labor.

"Private builders," he explained, "cannot afford to pay time and one-half for overtime. But at the plant government money is being spent. Naturally, the skilled building workmen go where they can get the highest pay."

The senator arrived in Salt Lake City Thursday morning and left during the afternoon for Washington.

Carlos Davila, ex-President of Chile, says: "You Americans are an amazing people. In any other country, with goods scarce and plenty of money, people would have rushed to buy, prices would have sky-rocketed, and inflation would have ruined you. But you have such confidence in your dollar, you are so calm, that there is no real inflation. It could only happen here."

UNREPORTED SPEECH

For more than a week the halls of Congress have echoed with heated demands for legislation abolishing the 40-hour week and prohibiting strikes in war plants. These speeches have been widely reported.

But there was a speech made in the House the other day about which not one line went out. As far as the public is concerned, the speech was never made. But if you'll turn to pages 2687-91 of the Congressional Record you'll find the hottest, most sensational charges heard on Capitol Hill in a long time.

The speaker was Representative Clinton P. Anderson of New Mexico, who was a successful business man before he came to Congress. These are the bombshells—so mysteriously unreported—which he tossed:

1. That the labor crackdown furor was a carefully planned scheme initiated by certain business elements.

2. That its purpose was to divert public attention and anger from the disclosures of huge war profiteering, refusal to convert plants to war production, and the undercover operations of key-placed dollar-a-year men to protect the private interests of industries from which they are drawing big salaries.

3. That Arthur Bunker, head of the WPB Division of Aluminum and Magnesium, is receiving \$60,000 a year from a New York banking firm, and that he has prevented the construction of a low-cost magnesium plant while vigorously aiding a high-cost project owned by the giant Dow Chemical Co.

Anderson told the House he was firmly convinced that much of the uproar against labor was instigated by secret organized activity. Editorials were "planted" and Congress was deluged with inspired letters demanding drastic measures; he declared.

"The chambers of commerce in my State, and I suppose in

yours," said Anderson, "are being harried into special meetings to damn labor for not working 24 hours a day. But what is labor to produce? War goods? Oh, no. To produce enough radios, refrigerators and rayon hose to stock stores throughout the war, from factories that have not been converted to military purposes. Do our people know that today, 3 1/2 months after Pearl Harbor, and for a month and a half yet to come, there are hundreds of vital plants that will not make desperately needed war supplies?"

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MINING & CONTRACTING
REVIEW
SALT LAKE CITY UTAH
3/31/42

NEVADA

The Tonopah & Goldfield Railroad handled 21 cars of ore from the Tonopah district during February. The Tonopah Mining Company contributed 16 of the total. Two cars were shipped from the Goldfield district, both by leasers at the Goldfield Consolidated.

Senator Bunker has charged that profits and politics, incompetency and inefficiency are hampering construction of the magnesium refinery of Basic Magnesium, Incorporated near Las Vegas. Bunker also stated that he has been threatened with "being run out of the Senate" because he opposed the plan to establish a company town at the plant site "which would have been operated by the company with concessions at fancy prices." He has asked for a Truman Senator Committee investigation.

V SB

Bunker Tells Huge War Salaries Paid by Nevada Firm on \$25,000 Investment

By Jackson Elliott
Staff Correspondent International News Service
WASHINGTON, March 31.—
Senator Berkeley L. Bunker
(Democrat), Nevada, today
charged that a Nevada mag-
nesium mining company en-
gaged in war production is pay-
ing one out of every four em-
ployees salaries ranging from
\$9,000 to \$36,000 a year.

The Nevada's charge came as
the Senate deficiency appropria-
tions subcommittee began con-
sideration of a House proposal
to recapture all war profits over
6 per cent, with indications that
it will be rejected as the result
of Administration opposition.

U. S. ONLY CLIENT

Bunker said the only client or
"customer" of the company is
the United States Government.
He declared that the contract
held by the mining company was
negotiated through the Defense
Plant Corporation, a subsidiary
of the Reconstruction Finance
Corporation.

"This situation cannot be al-

lowed to continue," said Bun-
ker. "If this is a 'war baby,'
let's bring it out in the open
now. If it isn't let's put a stop
to it and bring salaries and ex-
penses down to a fair level."

Bunker said that he plans to
make public the corporation's
name in a few days. Today he
would only identify it as a Ne-
vada firm.

He did disclose, however,
some of the details of what he
termed "an unconscionable
contract between the Govern-
ment and a firm which is sup-
posed to be helping the United
states win its war."

The corporation, according to
Bunker, owned certain Nevada
magnesium-bearing properties
and contracted with the Govern-
ment for the development of the
ore. Under the contract the com-
pany was paid \$300,000 for erec-
tion of a plant.

The company's investment,
Bunker said, consists of \$25,000
and rights to an English process
for extracting the ore.

Foes of the 6 per cent profit
proposal, which was added by
the House to a new \$18,000,000-
000 war appropriations bill,
pointed out that Treasury of-
ficials argue it is better to re-
capture profits through heavy
taxation than through a fixed
limitation.

"It seems to me that a bet-
ter way to meet the situation
would be through the taxing
power," said Majority Leader
Barkley.

Senator McKellar (Democrat),
Tennessee, chairman of the sub-
committee, said that the House
amendment will be considered
and that advice of War and
Navy Department officials will
be sought.

Under the proposal, no part of
the appropriation could be spent
unless the war contractor agreed
to reimbursement of all profit
over 6 per cent. One objection
is that it applies only to the
single appropriation and would
not affect billions previously ap-
propriated.

From
PRESS
Cleveland, Ohio
APR 2 1942

U. S. Arms Gouge Laid to Eels' Firm

Senate Probers Assail Deal
on Magnesium

By DICK THORNBURG
Press Washington Correspondent
WASHINGTON, April 2.—Basic
Magnesium Inc. of Cleveland was
charged today by a Senate subcom-
mittee investigating defense con-
tracts with proposing "one of the
most flagrant attempts at war pro-
fiting to come to the subcommit-
tee's notice."

The attempt was made, the sub-
committee reported, in a proposed
lease under which B. M. I. would
sell ore containing magnesium, a
strong, light metal, to the Govern-
ment.

The report called on the De-
fense Plant Corp., which has
financed the magnesium plant un-
der construction near Las Vegas,
Nev., to the extent of \$70,000,000, to

(Continued From Page One)

refuse to "accept any such exor-
bitant royalty terms as proposed by
B. M. I."

On the basis of the report, Senator
Berkeley Bunker (D. Nev.) said he
would demand the removal of
Howard Eels, Cleveland, president
of B. M. I.

In addition to criticizing the pro-
posed ore deal, the subcommittee
charged that the Defense Plant
Corp. is paying "tremendous fees"
for management which "so far has
delivered miserable progress, the
metal producing units being only
9 per cent complete although the
contract was signed, Aug. 13, 1941."

Farben Holds Interest
The subcommittee also said the
American patents controlling the
magnesium extraction process to be
used in the plant are held by an
American corporation, one-half of
the stock of which belongs to Alu-
minum Co. of America and "one-
half of which, directly or indirectly
belongs to the German company, I.
G. Farben."

Describing the proposed ore lease
the report said the 600 acres of bru-
cite ore deposits were claimed from
the public domain by Basic Ores, a
subsidiary of Basic Refractories of
Cleveland, which owns 55 per cent
of B. M. I.'s stock and were turned
over to B. M. I. in return for the
stock.

In hearings held at Las Vegas a
week ago, Mr. Eels testified that
not over \$25,000 to \$50,000 was spent
by his company in proving its
claims, to these deposits and in
surface explorations, the report said.

Cites Royalties
"Yet B. M. I. is asking the Gov-
ernment to pay \$1 a ton royalty
and all costs of quarrying for these
ores, which, if the plant operated
at capacity would produce \$280,000
a year royalties on a total invest-
ment of not over \$50,000."

"Under B. M. I.'s proposal, these
royalties would be doubled if B. M.
I. were not permitted to operate
the plant. It is significant that
Basic Refractories is leasing quarries
near these at 25 cents a ton royalty.

"This proposed lease appears to
the subcommittee as one of the
most flagrant attempts at war
profiteering to come to its notice."

"Should the Defense Plant Corp.,
because of poor performance or any
other reason, cancel B. M. I.'s con-
tract to operate the Las Vegas
plant, it would under that contract
have to pay B. M. I. \$1,000,000. In
addition, B. M. I.'s royalties under
the proposed ore lease would be
doubled to \$2 a ton or \$500,000 a
year. The terms seem to put a
premium on mismanagement and
incompetency," the report said.

Raps Operating Fee
Also, the committee reports, B. M.
I. is to receive a fee for operation of
the plant which at maximum opera-
tion will equal \$560,000 a year over
a possible period of 30 years, al-
though "it (B. M. I.) is not even suf-
ficiently financially responsible to
warrant the leasing of the property
to it."

"Instead, the property is to be op-
erated for the Defense Plant Corp.
account on a cost-plus-fixed-fee
basis. The subcommittee can find
little or no return to the Defense
Plant Corp. to justify any such fee,"
the report said.

And, in addition, B. M. I. is to re-
ceive a \$400,000 fee plus cost of con-
struction and engineering services
although it had had little or no con-
struction experience and although
more than \$1,000,000 is to be paid in
fees for construction, engineering
and architectural services to be per-
formed by others on a cost-plus-
fixed-fee basis, the report added.

The English company, the plant
of which is being duplicated, is a
licensee of I. G. Farben of Germany,
the report said, and it (the English
company) does not have or claim the
right to license the operation of the
Las Vegas plant.

Report Incomplete
The report criticized the Defense
Plant Corp. for starting a plant of
that size without first reaching an
agreement on the terms of the li-
cense under which it was to oper-
ate and on the cost of the raw mat-
erial from which the magnesium
was to be produced.

The subcommittee's report is only
a partial one and further hearings
are to be held here soon.

The Las Vegas hearings also de-
veloped that the Canadian and
American distributors of a special
type of peat moss which will be used
in the process will be paid 7 cents a
bale for 1,200,000 bales annually to
compensate them for the moss they
would normally have sold into com-
mercial channels but which they no
longer will handle because B. M. I.
will deal direct with the peat moss
owners.

Cites Eels' Compensation

Sen. Bunker charged that Mr.
Eels receives \$60,000 a year from
B. M. I. in addition to \$18,000 a
year from another corporation.
Howard Mann, project supervisor, is
paid \$36,000 a year and other ex-
ecutives' salaries range from \$9,000
upward, Sen. Bunker said, and all
except Eels' salary and one other
come from the Defense Plant Corp.

Two Englishmen, hired to furnish
what Mr. Eels described as "the
know how," are paid \$15,000 a year
and \$12,000 a year, Sen. Bunker said.
They are Dr. John Charles and Dr.
S. A. Fletcher, Mr. Bunker said.

But despite the English experts,
B. M. I. sent 40 technicians to Eng-
land to learn how to operate the
plant, he said, their expenses and
salaries being paid by Defense Plant
Corp.

"One out of every four employees

Bunker Tells Huge War Salaries Paid by Nevada Firm on \$25,000 Investment

By Jackson Elliott

WASHINGTON, March 31.—Senator Berkeley L. Bunker (Democrat), Nevada, today charged that a Nevada magnesite mining company engaged in war production is paying one out of every four employees salaries ranging from \$9000 to \$36,000 a year.

The Nevada's charge came as the Senate deficiency appropriations subcommittee began consideration of a House proposal to recapture all war profits over 6 per cent, with indications that it will be rejected as the result of Administration opposition.

U. S. ONLY CLIENT

Bunker said the only client or "customer" of the company is the United States Government. He declared that the contract held by the mining company was negotiated through the Defense Plant Corporation, a subsidiary of the Reconstruction Finance Corporation.

"This situation cannot be al-

lowed to continue," said Bunker. "If this is a 'war baby,' let's bring it out in the open now. If it isn't let's put a stop to it and bring salaries and expenses down to a fair level."

Bunker said that he plans to make public the corporation's name in a few days. Today he would only identify it as a Nevada firm.

He did disclose, however, some of the details of what he termed "an unconscionable contract between the Government and a firm which is supposed to be helping the United States win its war."

The corporation, according to Bunker, owned certain Nevada magnesite-bearing properties and contracted with the Government for the development of the ore. Under the contract the company was paid \$300,000 for erection of a plant.

The company's investment, Bunker said, consists of \$25,000 and rights to an English process for extracting the ore.

Foes of the 6 per cent profit proposal, which was added by the House to a new \$18,000,000 war appropriations bill, pointed out that Treasury officials argue it is better to recapture profits through heavy taxation than through a fixed limitation.

"It seems to me that a better way to meet the situation would be through the taxing power," said Majority Leader Barkley.

Senator McKellar (Democrat), Tennessee, chairman of the subcommittee, said that the House amendment will be considered and that advice of War and Navy Department officials will be sought.

Under the proposal, no part of the appropriation could be spent, unless the war contractor agreed to reimbursement of all profit over 6 per cent. One objection is that it applies only to the single appropriation and would not affect billions previously appropriated.

RIVERSIDE, CAL., ENTERPRISE
CIV. 3,000, Sun. Cl. A.631
APRIL 3, 1942

Las Vegas Magnesite Plant Deal Opposed

WASHINGTON (AP)—A senate subcommittee recommended yesterday that the Defense Plant Corporation refuse to accept "any such exorbitant royalty terms" as proposed by Basic Magnesite, Inc., of Cleveland, for magnesite ore deposits which the company proposes to lease to the government for a \$63,000,000 magnesite plant at Las Vegas, Nev.

The Defense Plant Corporation agreed last fall to finance construction of the plant.

"This proposed lease appears to the subcommittee as one of the most flagrant attempts at war profiteering to come to its notice," said the report of the subcommittee of a group investigating the defense program.

The committee studied the project at a hearing in Las Vegas at the request of Senator Bunker, D., Nev.

Seattle (Wa) Times
April 3, 1942

4,280 PCT. WAR PROFIT DEAL BARED

By Associated Press

WASHINGTON, April 3.—Senator Bunker, Democrat, Nevada, charged today on the Senate floor that Basic Magnesite, Inc., of Cleveland, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special Senate committee, which is investigating the national-defense program, conducted hearings at Las Vegas in March and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesite, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

40 Salaries Listed

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the Senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical adviser, \$12,000; W. R. Batley, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

APR. 3, 1942
COFFEYVILLE, KS. JOURNAL

Washington, Apr. 3.—(AP)—Senator Bunker (D., Nev.) charged today on the Senate floor that Basic Magnesite, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

More Pay Than MacArthur

"But in keeping with my statement previously made on the floor, I believe the Senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesite, Inc."

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

Profits' Limitation

Agreement Is Expected

WASHINGTON, April 3.—(AP)—Chairman McKellar, Democrat, Tennessee, expressed confidence today that a Senate appropriations subcommittee would agree upon a "flexible profits limitation" on all war contracts.

McKellar commented after Representative Case, Republican, South Dakota, author of a flat 6 per cent profits restriction approved by the House, told senators he also believed a flexible provision would prove more workable.

Case's limitation was attached to the \$18,300,000,000 war appropriation measure now being considered by the Senate subcommittee.

McKellar indicated that the Senate group would approve something along the line proposed by Chairman Donald M. Nelson of the

War Production Board and lawyers for the War and Navy Departments and Maritime Commission.

Under this proposal, contracts might be negotiated, before final payment, by heads of the three agencies whenever they suspected extortionate profits or costs. The secretaries of war or Navy or the Maritime Commission head would be given authority to fix any profit limits.

Senate Committee Probes 'Flagrant Profiteering' By Magnesite Concern

WASHINGTON, April 3 (INS)—The senate today was told that a Las Vegas, Nev., mining firm will realize a profit of 4280 per cent, or \$2,140,000 a year, on a war contract with the Defense Plant Corporation.

Sen. Bunker (D.) Nev., made the disclosure, charging that one out of every four employees of the mining concern, Basic Magnesite, Inc., is receiving a salary of from \$9000 to \$36,000 a year.

"It should be noted," said Bunker, "that the salaries of these officials are being paid out of the taxpayers' money advanced to the firm by the Defense Plants Corporation."

"In view of the figures submitted, it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

By JACKSON ELLIOTT

WASHINGTON, April 2 (INS)—The special senate defense committee today announced that an investigation will be made into a \$70,000,000 government loan to a Nevada mining company and at the same time termed the transaction "one of the most flagrant of war profiteering attempts."

The loan, according to the committee, was made by the Defense Plant Corporation to Basic Magnesite, Inc., of Nevada, for the production of magnesite needed in the defense effort. Committee members said that the loan, made last year, was granted without collateral.

For \$50,000 Investment

According to a report by H. G. Robinson, investigator for the committee, under the contract with Basic Magnesite the government is obligated to make these payments to the Nevada firm:

1. \$250,000 a year in royalties on an investment of \$50,000 and a patent the mining corporation does not own; if the firm is not per-

mitted to operate the plant, the royalties are to be doubled;

2. \$540,000 a year over a period of 30 years for operation of the plant.

3. A \$300,000 fee plus cost for construction and engineering services in which the mining firm, it was said, has had no experience, and

4. \$1,000,000 if the contract is dissolved by the government.

However, if B. M. I. decides to break the contract, repayment to the government shall be determined by arbitration.

German-Owned Process

The agreement was entered into after two American firms, Basic Refractories and Basic Ores, combined with a British firm, Magnesite Elektron, Ltd. The British firm owned license rights to a magnesite mining process thru an agreement with I. G. Farbenindustrie, the German trust with which the Standard Oil company of New Jersey dealt in monopolizing rubber patents.

B. M. I. informed the Defense Plant Corporation it could produce 112,000,000 pounds of magnesite ore annually and the agreement was settled on Aug. 13, 1941. To date, only nine per cent of the magnesite metal producing units have been completed, the senate committee says.

One member of the committee pointed out that the facts disclosed by a preliminary investigation showed that the Defense Plant Corporation is paying "tremendous fees" merely for the "know how" or the process method.

"So far," the committee member said, "there has been only miserable progress."

"If all adds up to the fact that there is still something seriously wrong with the light metals section of the war production board," he concluded.

RIVERSIDE, CAL., PRESS
CIV. 7,687
APRIL 2, 1942

Las Vegas Magnesite Plant Deal Opposed

WASHINGTON (AP)—A senate subcommittee recommended today that the Defense Plant Corporation refuse to accept "any such exorbitant royalty terms" as proposed by Basic Magnesite, Inc., of Cleveland, for magnesite ore deposits which the company proposes to lease to the government for a \$63,000,000 magnesite plant at Las Vegas, Nev.

The Defense Plant Corporation agreed last fall to finance construction of the plant.

"This proposed lease appears to the subcommittee as one of the most flagrant attempts at war profiteering to come to its notice," said the report of the subcommittee of a group investigating the defense program.

The committee studied the project at a hearing in Las Vegas at the request of Senator Bunker, D., Nev.

APR. 3, 1942
FT. COLLINS, COLO., EXPRESS

Huge Magnesite Profit Charged

WASHINGTON (AP)—Senator Bunker of Nevada charged Friday on the Senate floor that Basic Magnesite, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

PASADENA, CAL. STAR-NEWS
CIV. 22,620
APRIL 3, 1942

New Nevada Firm Profiteering Charged

WASHINGTON, April 3 (AP)—Senator Bunker (D., Nev.) charged today on the Senate floor that Basic Magnesite, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special Senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesite, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Reads Salary List

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The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical adviser, \$12,000; W. R. Batley, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,

SANTA MONICA, CAL., OUTFITTER
CIV. 11,689
APRIL 2, 1942

Royalty Terms Called Exorbitant

WASHINGTON (AP)—A senate subcommittee recommended today that the defense plant corporation refuse to accept "any such exorbitant royalty terms" as proposed by Basic Magnesite, Inc., of Cleveland, for magnesite ore deposits which the company proposes to lease to the government for a \$63,000,000 magnesite plant at Las Vegas, Nev.

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The committee studied the project at a hearing in Las Vegas at the request of Senator Bunker (D., Nev.).

"Evidence," the subcommittee reported, "indicated that there is still something seriously wrong in the light metals section of the war production board, successor to the old office of production management section, which failed to anticipate and prepare for the greatly increased demand for these metals."

APR. 3, 1942
WINFIELD, KS. COURIER

board.

Washington, April 3 (AP)—Senator Bunker (D., Nev.) charged today on the Senate floor that Basic Magnesite, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

164; B. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

Reason to Wonder?

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesite, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corporation."

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

HOUSE PROBE

WASHINGTON, April 3 (INS)—Documents and reports charging that the Army's huge \$27,000,000 shell loading plant at Minden, La., is "unsafe and overall improperly constructed," were presented to the House Military Affairs Committee today.

The evidence was presented by Committee Investigator Gordon K. Miller, who also charged that construction costs at the plant were "excessive," with some temporary structures running "as high per unit as marble government buildings in the national capital."

SENATE PROBES WAR PROFITS

YREKA, CAL., REC
Cir. 47,421
APRIL 3, 1942

4,280 Per Cent Profit Charged To Defense Plant

WASHINGTON, April 3. (AP)—Senator Bunker, Democrat, Nevada, charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings in Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he will "tie the ends of this amazing scandal of war profiteering together."

Salaries Are Cited
The list of salaries he read included the names and positions of more than forty officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000; W. R. Batten, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000; and C. A. Warne, controller, \$10,000, Bunker said.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and cents into victory bonds and stamps."

Says Public Should Know
But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials.

It will be noted that fourteen of these officials are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country.

Figures Are Official
The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances.

It should be remembered the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corporation.

In view of these figures it leaves little reason to wonder labor is insisting on reasonable hours and good salaries in war industries.

SALINAS, CAL., INDEPENDENT
Cir. 3,222
APRIL 3, 1942

Industrial Racketeering Is Charged

4280 Per Cent Profit Is Seen for Las Vegas Plant

WASHINGTON (AP)—Sen. Berkeley Bunker, (D-Nev.) charged in the senate Friday that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a government-built magnesite plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

High Salaries Shown
Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Bunker quoted from a report issued Thursday by the senate committee investigating the war program which characterized the terms of the basic magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

Commenting on the list of salaries of officials, Bunker said it is "official" but does not take into account any pay rises which may have been effected recently.

"In view of the figures submitted it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries," he said.

Fears Reaction
"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and cents into victory bonds and stamps."

But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials.

It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country.

A partial list of the officials and their salaries follows:

Name	Position	Salary
H. C. Mann	Project manager	\$36,000
D. W. Stewart	Asst. project mgr.	\$20,000
W. F. Way	Project mgr. construction	\$17,500
G. B. Kaufman	Mgr. engineering	\$17,000

SALT LAKE CITY, UTAH, NEWS
Cir. 34,873
APRIL 3, 1942

Magnesium Firm Profits Placed At 4,280 Per Cent

WASHINGTON, April 3. (AP)—Senator Bunker (D-Nev.) charged today on the Senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special Senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

SAN RAFAEL, CAL., INDEPENDENT
Cir. 4,337
APRIL 3, 1942

Someone Should Be Called To Account If This Is True

WASHINGTON (AP)—Sen. Berkeley Bunker, D. Nev., charged in the Senate today that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a government-built magnesite plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and cents into war bonds and stamps," he said.

"In keeping with my statement previously made on the floor,"

COLUSA, CALIF., SUN-HERALD
Cir. 2073
APRIL 3, 1942

4280 PERCENT PROFIT ON WAR CONTRACT OF NEVADA FIRM, CHARGE

WASHINGTON, April 3 (U.P.)—Senator Berkeley Bunker (D-Nevada) charged in the senate today that Basic Magnesium, Inc., of Cleveland, Ohio, is a "racketeering industrial corporation" which stands to make a profit of 4,280 per cent for operation of a government-built magnesite plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

MARYSVILLE, CAL., JOURNAL-DEMO
Cir. 4,021
APRIL 3, 1942

Nevadan Attacks Fancy Profits

WASHINGTON, Apr. 3. (AP)—Senator Bunker (D-Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the defense plant corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the defense plant corporation and basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Fantastic Salaries For Many Officials
Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

YREKA, CAL., NEWS
Cir. 2732
APRIL 3, 1942

War Profiteering Will Be Curbed

WASHINGTON, April 3. (U.P.)—The Senate and a House subcommittee today heard charges of excessive profits and extravagance in connection with war contracts.

Sen. Berkeley Bunker, D. Nev., charged in the upper chamber that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operating a government-built magnesite plant at Las Vegas, Nev.

Gordon K. Miller, investigator for a House Military Affairs subcommittee, testified before that group that \$9,361 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4,500 some time before.

Sen. Bunker Sees Profit of 4,280 Percent

Senator Charges Huge Profits on Magnesite From Small Outlay

(By Associated Press)
Washington, April 3. — Senator Bunker, Democrat of Nevada, charged today on the Senate floor that the Basic Magnesium Corporation of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant near Las Vegas, Nevada, "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

At Senator Bunker's request, a subcommittee of the special Senate committee investigating the national defense program conducted hearings at Las Vegas in March and then filed with the Senate a report which termed the lease agreement between the Plant Corp. and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Senator Bunker read a list of salaries of the magnesite company, including the names and positions of more than 40 officials whose salaries ranged from \$36,000 to \$3,900.

Probe Oil Deal
Adolph A. Berle, Jr., assistant secretary of state, testified before the Senate Defense investigating committee, that the Standard Oil Company of New Jersey refused to stop selling aviation gasoline to German and Italian airlines in South America until US Brazilian subsidiary was placed on the State department's "blacklist."

Berle said, "In fairness to the Standard Oil Company," it should be stated that the Standard Oil Company had co-operated wholeheartedly since that time.

RED BLUFF, CAL., NEWS
Cir. 1,351
APRIL 3, 1942

Defense Plant Will Make Huge Profit, Charge

WASHINGTON (U.P.)—The senate and a house subcommittee today heard charges of excessive profits and extravagance in connection with war contracts.

Sen. Berkeley Bunker, D. Nev., charged in the upper chamber that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operating a government-built magnesite plant at Las Vegas, Nev.

Gordon K. Miller, investigator for a house military affairs subcommittee, testified before that group that \$9,361 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4,500 some time before.

Huge Profits for Basic Magnesium Charged by Nevada Senator

List of Salaries Of Officials Is Told by Bunker

Truman Committee Says Company Is War Profiteering

WASHINGTON, April 3. (AP)—Senator Bunker (D-Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request, a subcommittee of the special senate committee which is investigating the national defense program, conducted hearings at Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than forty officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000; W. R. Batten, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

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"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"It will be noted that fourteen of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corporation."

"In view of these figures, it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

"It is my humble and studied opinion that the members of this special committee investigating the national defense program are performing one of the greatest services to America that has been performed by any group who sit in the United States senate."

APR. 3, 1942
ADA, OK. DAILY NEWS

Charges Company Profits To Be High

Says Magnesium Company May Make 4,280 Per Cent

WASHINGTON, April 3. (AP)—Senator Bunker (D., Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

WINONA (MINN.) REPUBLIC-HERALD
FRIDAY, APRIL 3, 1942

Firm May Make \$2,140,000 On Investment of \$50,000

Washington—(AP)—Senator Bunker (D.-Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

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The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000.

Bunker said that 14 officials "are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., by the Defense Plant Corporation."

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

MPLS. (MINN.) STAR-JOURNAL
FRIDAY, APRIL 3, 1942

SOLONS HEAR

4,280 Per Cent Profit; Truck Doubles Its Cost

WASHINGTON—(AP)—The senate today was told a Las Vegas, Nev., mining firm will realize a profit of 4,280 per cent, or \$2,140,000 a year in a war contract with the defense plant corporation.

Senator Bunker (D., Nev.) made the disclosure, charging one out of every four employees of the mining concern, Basic Magnesium, Inc., is receiving a salary of from \$9,000 to \$36,000 a year.

"It should be noted," said Bunker, "that the salaries of these officials are being paid out of the taxpayers' money advanced to the firm by the Defense Plant Corporation."

"In view of the figures submitted, it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

At the same time, the house military affairs committee was told an official of a construction company working on a war project BOUGHT A TRUCK FOR \$4,500 AND RENTED IT THROUGH HIS WIFE TO THE GOVERNMENT FOR \$9,361.

The story was unfolded as the

AUSTIN (MINN.) HERALD
FRIDAY, APRIL 3, 1942

Big Magnesium Profit Hinted

Washington, April 3. (AP)—Senator Bunker (D.-Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corp. is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

MINNEAPOLIS (MINN.) DAILY TIM
FRIDAY, APRIL 3, 1942

Charges War Plant to Make 4,280 Per Cent Profit on \$50,000 Stake

Washington, April 3.—(AP)—Senator Bunker (D., Nev.) charged today on the senate

floor that Basic Magnesium, Inc., of Cleveland, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one

year on an admitted investment of not more than \$50,000."

A subcommittee filed with the senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Today Bunker read a list of salaries of officials of the company, and added that later he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

"I hesitate to make this list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

Fourteen of these officials are receiving more pay than the base pay of General Douglas MacArthur.

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., by the Defense Plant Corp."

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"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

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SAN MATEO, CALIF. TIMES LEADER
APRIL 3, 1942

Magnesium Co. Hit as Racketeers

WASHINGTON, April 3.—(AP)—Senator Berkeley Bunker (D., Nev.) charged in the senate today that Basic Magnesium, Inc., of Cleveland is a racketeering industrial corporation which stands to make a profit of 4,280 per cent for operation of a government-built magnesium plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

BASIC DISCUSSED ON SENATE FLOOR

WASHINGTON, April 3. (AP)—Senator Berkeley Bunker today charged in the United States senate that Basic Magnesium is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operating the government built Las Vegas plant.

He said Basic Magnesium has "admitted investment" of only \$50,000 but will make a profit of \$2,140,000 in one year of performing certain construction and for operating the Las Vegas plant.

He released a list of salaries of Basic officers on the work project which showed that project manager, H. C. Mann, got \$36,000 a year, assistant project manager, D. W. Stewart, \$30,000 and eight others better than ten thousand, Bunker said "in view of the figures it leaves little reason to wonder that labor is insisting on reasonably good hours and good salaries in war industries. I believe the public is entitled to know how the money is being spent."

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

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'Amazing Scandal' in Desert Project Charged

4,280 PER CENT PROFIT SEEN IN DEFENSE PLANT

'Flagrant Attempt at Wartime
Profiteering' Laid to Basic
Magnesium Corporation

SALARIES OF HEADS LISTED

Fourteen Officials Said Getting
More Pay Than MacArthur;
Manager Gets \$36,000

(By Associated Press)

WASHINGTON, April 3.—Senator Bunker, Nevada Democrat, charged today on the senate floor, that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corp. is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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SALARIES LISTED

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

REACTION FEARED

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

Bakersfield, Calif., California
City 15-873
APRIL 3, 1942

Senator Charges Magnesium Firm Making 4280% Profit

WASHINGTON, April 3. (A. P.)—Senator Bunker (D-Nev.) charged today on the Senate floor, that Basic Magnesium, Inc., of Cleveland, Ohio, for which the defense plant corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special Senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the Senate a report which termed a lease agreement between the defense plant corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the Senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"But in keeping with my statement previously made on the floor, I believe the Senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these offices are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the defense plant corporation."

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

"It is my humble and studied opinion that the members of this special committee investigating the national defense program are performing one of the greatest services to America that has been performed by any group who sit in the United States Senate."

HANFORD, CALIF., SENTINEL
City 11-131
APRIL 3, 1942

Magnesium Plant Branded 'Racket'

Washington, April 3.—(UP)—Sen. Berkeley Bunker, D. Nev., charged in the senate today that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a government-built magnesium plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

MODESTO, CAL., SUN
City 12-177
APRIL 3, 1942

Senator Brands Magnesium Firm As 'Racketeers'

WASHINGTON, April 3.—(AP)—Berkeley Bunker (D-Nev.) charged in the senate today that the Basic Magnesium, Inc. of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a government built magnesium plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Bunker quoted from a report issued yesterday by the senate committee investigating the war program which characterized the terms of the basic magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

Commenting on the list of salaries of officials, Bunker said it is "official" but does not take into account any pay rises which may have been effected recently.

CHICAGO, ILL., NEWS, CH. 4602
APRIL 3, 1942

CHARGES PROFIT OF 4,280 PCT. TO OHIO WAR FIRM

Washington, April 3.—(AP)—Senator Bunker (Dem., Nev.) charged today in the Senate that Basic Magnesium, Inc., of Cleveland, Ohio, which is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special Senate committee investigating the defense program conducted hearings at Las Vegas in March, and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of company salaries ranging from \$3,600 to \$36,000 a year.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

LOS ANGELES, CALIF., NEWS-BOULEVARD
City 11-111
APRIL 3, 1942

Profiteering Charged

WASHINGTON, April 3 (AP)—Senator Bunker (D-Nev.) charged today on the Senate floor, that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

MERCED, CALIF., NEWS
City 5023
APRIL 3, 1942

Sen. Bunker Charges Masic Magnesium Inc. Racketeering Industry

WASHINGTON, (UP)—Sen. Berkeley Bunker, D., Nev., charged in the Senate today that Basic Magnesium, Inc., of Cleveland, Ohio, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a government-built magnesium plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

CARSON CITY, NEV., APPEAL
City 651
APRIL 3, 1942

Bunker Publicizes Salaries Received By Executives of Basic Magnesium

Says Company's
Profit Will Be
4,280 per Cent
For Operations

WASHINGTON, April 3 (UP)—Berkeley L. Bunker, United States senator from Nevada today charged in the senate that the Basic Magnesium, Inc., a "racketeering corporation," stands to make a profit of 4,280 per cent for operating the government-built plant.

Senator Bunker said the company will profit \$2,140,000 in one year on performing certain services in constructing and operating the plant.

The following figures on salaries were released by Senator Bunker:

Project Manager H. C. Mann, \$36,000 a year; Assistant Project Manager D. W. Stewart, \$20,000; W. F. Way, project construction manager, \$17,500; G. B. Kaufman, engineering manager, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley Lee, technical advisor, \$12,000; W. R. Battey, director of electric design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, purchasing director, \$10,000; C. A. Warne, \$10,000.

Senator Bunker said the list is "official, but does not account for any recent possible increases."

"I hesitate to make the list public in view of \$21-a-month mothers."

"Fourteen of these officials get more base pay than General MacArthur."

Boise (Ida) News
April 3, 1942

Senators Charge Excess Profits

WASHINGTON (UP)—The senate and a house subcommittee Friday heard charges of excessive profits and extravagance in connection with war contracts.

Sen. Berkeley Bunker, D., Nev., charged in the upper chamber that Basic Magnesium, Inc., of Cleveland, Ohio, a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operating a government-built magnesium plant at Las Vegas, Nev.

Gordon K. Miller, investigator for a house military affairs subcommittee, testified before that group that \$9361 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4500 some time before.

APR. 3, 1942
BISMARCK N D TRIBUNE

Profiteering Charge Is Heard Again

WASHINGTON — (AP) — Senator Bunker (D-Nev) charged Friday on the senate floor that Basic Magnesium, Inc. of Cleveland, O., for which the defense plant corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee, which is investigating the national defense program, conducted hearings at Las Vegas in March and Thursday filed with the senate a report which termed a lease agreement between the defense plant corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating Friday, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

SANTA MONICA, CALIF., OUTLOOK
City 11,023
APRIL 3, 1942

Magnesite Corp. Profit Estimated By Senator

WASHINGTON (AP)—Senator Bunker (D-Nev) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corp. is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

4280 P. C. Arms Profit Revealed by Senator

Bunker Calls Magnesium Firm A 'Racketeering Corporation'

By the United Press.

WASHINGTON, April 3.—The Senate and a House subcommittee today heard charges of excessive profits and extravagance in connection with war contracts.

Senator Bunker (D., Nev.) charged that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4280 per cent" for operating a government built magnesium plant at Las Vegas, Nev.

He told the Senate that Basic Magnesium, Inc., has an "admitted investment" of \$50,000 and that it will make a profit of \$2,140,000 in one year for performing certain construction and operation services on the Las Vegas plant.

Gordon K. Miller, investigator for a House Military Affairs subcommittee, testified before that group that \$9361 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4500 some time before.

Meanwhile Chairman McKellar (D., Tenn.) of the Senate Military Appropriations subcommittee told reporters that members of the subcommittee appeared to have agreed that legislative action must be taken to curb high profits on war contracts.

The House subcommittee heard Mr. Miller cite the truck rental as one of "numerous instances of overvaluation of rental property" in connection with the Minden project. He named the Silas Mason Co., of New York, as the contractor building the plant.

Unsafe Buildings.
The testimony came as Mr. Miller testified for the second day in connection with the investigation of the Minden project. He discussed alleged extravagance and excessive costs of a building there yesterday. Today he said that some buildings at the Minden plant were "not safe in view of wind pressure in the area," and that other buildings were "over-designed and over-constructed."

He submitted a letter by Lieut. E. G. Simmonds, of the office of construction quartermaster, which said conditions in the shop area of the Minden project "are worse than those in any similar project in the district."

Simmonds' letter also reported that it was "the union and not the contractor that controls the shops." The union was not named.

Steel Wasted.

Testifying about the truck, Mr. Miller testified that rental started in July, 1941, at the rate of \$850.73 per month, and was paid to Amanda Elliott, Brooklyn, on a valuation of \$11,343. But investigation revealed the 25-ton truck had been sold to Arthur J. Cote, former transportation supervisor on the project, for \$4500, he said.

Mr. Miller declared Cote and Amanda Elliott were man and wife.

Mr. Miller charged that by using "an excess of material and labor" the contractor had retarded construction and thereby had failed in the objective of obtaining speedy completion of the project.

He also charged that the contractor had gone contrary to the directions of the manufacturers in the use of certain materials. He mentioned specifically that corrugated asbestos shingling was not properly placed to withstand stress on some buildings.

Mr. Miller testified that Capt. George N. Kibler, assistant area engineer, had reported to his superior, Lt. Col. N. W. Whitted, that steel and other materials had been wasted in construction.

Salaries Listed.

In the Senate, Senator Bunker released a list showing the salaries that some of the officials of the Basic Magnesium Corp. receive.

The project manager was listed as receiving \$36,000 a year.

"It will be noted," he said, "that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

A partial list of the officials and their salaries follows:

Name	Position	Salary
H. C. Mann	project manager	\$36,000
D. W. Stewart	assistant project mgr.	\$20,000
W. F. Way	project mgr. construction	\$17,500
G. B. Kaufman	manager engineering	\$17,000
W. W. Patnoe	chief engineer	\$13,800
Harley C. Lee	technical adviser	\$12,000
W. R. Battey	director electric design	\$10,400
W. B. Dyer	chief engineer	\$10,104
R. C. Kelley	director of purchases	\$10,000
C. A. Warne	controller	\$10,000

4,280 Per Cent Profit Laid to War Contract

Senator Reveals Racket Basic Magnesium Salary Figures Given Senate

WASHINGTON, April 3. (UP)—Sen. Berkeley Bunker D., Nev., charged in the senate today that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a government built magnesium plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Bunker quoted from a report issued yesterday by the senate committee investigating the war program which characterized the terms of the Basic Magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

RAISES LEFT OUT

Commenting on the list of salaries, Bunker said it is "official" but does not take into account any pay rises which may have been effected recently.

"In view of the figures submitted, it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries," he said.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," he said.

TAXPAYERS' MONEY

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

A partial list of the officials and their salaries follows:

Name	Position	Salary
H. C. Mann	Project Manager	\$36,000
D. W. Stewart	Asst. Project Mgr.	20,000
W. F. Way	Project Mgr., Construction	17,500
G. B. Kaufman	Mgr. Engineering	17,000
W. W. Patnoe	Chief Engineer	13,800
Harley C. Lee	Technical Adviser	12,000
W. R. Battey	Director Electric Design	10,400
W. B. Dyer	Chief Engineer	10,104
R. C. Kelley	Dir. of Purchases	10,000
C. A. Warne	Controller	10,000

Gordon K. Miller, investigator for a house military affairs subcommittee, testified before that group that \$9,361 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4,500 some time before.

Chairman Kenneth McKellar, D., Tenn., of the senate military appropriations subcommittee said members of the subcommittee appeared to have agreed that legislative action must be taken to curb high profits on war contracts.

He said final subcommittee action on the new \$18,301,961,345 supplemental war funds bill had been postponed until Monday to permit perfection of an amendment which would permit re-negotiation of any war contract believed to permit excessive profits.

Charges huge Profit For Defense Concern

Washington, Apr. 3. (AP)—Senator Bunker (D-Nev) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., stands to make a profit of 4,280 per cent or \$2,140,000 in one year on an admitted investment of not more than \$50,000.

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

Bunker Unleashes New Attack Upon Officials of BMI

WASHINGTON, Apr. 3 (UP)—Senator Berkeley Bunker, democrat, Nevada, charged in the senate today that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a government-built magnesium plant at Las Vegas, Nevada.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Quotes From Record

Bunker quoted from a report issued yesterday by the senate committee investigating the war program which characterized the Basic Magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

Commenting on the list of salaries, Bunker said it is "official" but does not take into account any pay rises which may have been effected recently.

"In view of the figures submitted it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries," he said.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," he said.

Departments Hit

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country."

A partial list of the officials and their salaries follows:

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W. B. Dyer	chief engineer	\$10,104
R. C. Kelley	director of purchases	\$10,000
C. A. Warne	controller	\$10,000

MAGNESIUM FIRM HIT BY SEN. BUNKER

Excessive Profits In War Contracts Is Solon's Charge

WASHINGTON, April 3.—(UP)—The senate and a house subcommittee today heard charges of excessive profits and extravagance in connection with war contracts.

Sen. Berkeley Bunker, D., Nev., charged in the upper chamber that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operating a government-built plant at Las Vegas, Nev.

Gordon K. Miller, investigator for a house military affairs subcommittee, testified before that group that \$9,361 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4,500 some time before.

Meanwhile Chairman Kenneth McKellar, D., Tenn., of the senate military appropriations subcommittee told reporters that members of the subcommittee appeared to have agreed that legislative action must be taken to curb high profits on war contracts.

He said final subcommittee action on the new \$18,301,961,345 supplemental war funds bill had been postponed until Monday to permit perfection of an amendment which would permit re-negotiation of any war contract believed to permit excessive profits.

Bunker told the senate that Basic Magnesium, Inc., has an "admitted investment" of \$50,000 but that it will make a profit of \$2,140,000 in one year for performing certain construction and operation services on the Las Vegas plant.

At the same time Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Bunker quoted from a report issued yesterday by the senate committee investigating the war program which characterized the terms of the Basic Magnesium as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

Commenting on the list of salaries, Bunker said it is "official" but does not take into account any pay rises which may have been effected recently.

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

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R. C. Kelley	10,000
C. A. Warne	10,000

Bunker Charges Basic With "Racketeering"

Big Salary Scale For Officials Is Listed By Senator

Nevada Solon Declares Basic Magnesium Stands To Make 4,280 Per Cent For Operating Plant.

WASHINGTON, April 3 (AP)—Senator Berkeley Bunker continued his attack upon Basic Magnesium, Inc., today by charging that the corporation is a "racketeering industrial corporation that stands to make a profit of 4,280 per cent on operating a government-built plant."

Bunker, who recently accused Basic Magnesium of "mismanagement and inefficiency," declared that the company will profit to the extent of \$2,140,000 in one year on performing certain services in constructing and operating the new \$53,000,000 plant near Las Vegas, Nev.

The youthful Nevedan's charges were hurled following a statement issued yesterday by the Truman committee which said the lease agreement between the defense plant corporation and Basic Magnesium was "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

The Las Vegas plant will be operated by Basic Magnesium, Inc., which also will supply magnesite ore from 600 acres of deposits in Gabbs Valley, Nevada.

"The report of the Truman committee on the preliminary hearing held at Las Vegas substantiates my statement of gross mismanagement and exorbitant profiteering of Basic Magnesium, Inc.," Bunker said. "Indisputable proof of other phases of the company's operations will be brought out in the continuation of the hearings scheduled to be held next week in Washington."

Declaring the salaries paid to officials of Basic Magnesium are "excessive and out of line with the war effort," Bunker today released the wages paid to several top-notchers of the organization. He listed the salaries as: H. C. Mann, project manager, \$36,000 per year; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project construction manager, \$17,500; G. B. Kaufman, engineering manager, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley Lee, technical advisor, \$12,000; W. R. Battey, director of electric design, \$10,104; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, purchasing director, \$10,000; C. A. Warne, controller, \$10,000.

Bunker said the list is "official" but it does not account for any recent possible increases.

He said that he hesitated to make the list of salaries paid as public information in view of "the many boys who are working for Uncle Sam on a \$21-per-month basis."

Bunker pointed out that 14 officials of Basic Magnesium receive larger salaries than America's most famous military hero of the present war, General Douglas MacArthur.

LAS VEGAS REVIEW-JOURNAL
April 3, 1942

Bunker Unleashes New Attack Upon Officials of BMI

WASHINGTON, Apr. 3 (UP)—Senator Berkeley Bunker, democrat, Nevada, charged in the senate today that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a government-built magnesium plant at Las Vegas, Nevada.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

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Commenting on the list of salaries of officials, Bunker said it is "official" but does not take into account any pay rises which may have been effected recently.

"In view of the figures submitted it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries," he said.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," he said.

Departments Hit
"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country."

A partial list of the officials and their salaries follows:

H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; V. F. Way, project manager, construction, \$17,500; G. B. Kaufman, manager engineering, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley C. Lee, technical advisor, \$12,000; W. R. Battey, director electric design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000; C. A. Warne, controller, \$10,000.

Bunker said the list is "official" but it does not account for any recent possible increases.

He said that he hesitated to make the list of salaries paid as public information in view of "the many boys who are working for Uncle Sam on a \$21-per-month basis."

Bunker pointed out that 14 officials of Basic Magnesium receive larger salaries than America's most famous military hero of the present war, General Douglas MacArthur.

LONG BEACH, CALIF., TELEGRAM
APRIL 3, 1942

Senate Group Backs Bill to Control Profit

Nevada Senator Claims 4280 Per Cent Likely for Magnesium Firm.

WASHINGTON, April 3.—(AP)—A Senate appropriations subcommittee tonight approved in principle rigid control of corporate earnings on government war contracts, announcing it favors a sliding scale of profit limitations ranging from 2 per cent on contracts of over \$50,000,000 to 10 per cent on contracts below \$100,000.

The committee revealed its program as Congressional ire over alleged war profiteering reached high pitch when it was disclosed that one corporation will enjoy for one year a profit of 4280 per cent for operating a plant built with government funds.

Senator Berkeley Bunker (Democrat, Nevada), charged that Basic Magnesium, Inc., Cleveland, Ohio, is a "racketeering industrial corporation" which stands to make that profit for operating a government-built magnesium plant at Las Vegas, Nev. He told the Senate the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

The limitations program—drafted by Senator Elmer Thomas (Democrat, Okla.), was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals advanced by other members of the deficiency subcommittee which is considering the \$18,000,000 House approved supplemental war appropriation.

Thomas told reporters the subcommittee agreed on the following scale of profit limitations based on the total contract price:

- On contracts up to \$100,000—10 per cent.
- From \$100,000 to \$500,000—8 per cent.
- From \$500,000 to \$1,000,000—6 per cent.
- From \$1,000,000 to \$5,000,000—5 per cent.
- From \$5,000,000 to \$20,000,000—4 per cent.
- From \$20,000,000 to \$50,000,000—3 per cent.
- Over \$50,000,000—3 per cent on the portion below \$50,000,000 and 2 per cent on the remainder.

The plan was proposed as a substitute for a flat 6 per cent limitation written into the bill by the House. It would apply to both prime and subcontractors.

Under its terms, the secretaries of War and Navy and the chairman of the Maritime Commission would be instructed to withhold from payments to contractors a sum equal to at least 20 per cent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements, a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

The Thomas proposal and another, somewhat similar, drafted by Senators John H. Overton (Democrat, Louisiana) and Joseph C. O'Mahoney (Democrat, Wyoming), would instruct the contract awarding authorities, in making final settlement, to refuse to allow unreasonable salary or bonus payments, or accumulation of excessive reserves as a part of cost.

Recent Congressional hearings developed that many companies with war orders were paying huge bonuses and salaries. The charge was made in connection with one such instance the company was thus seeking to evade payment of excess profits taxes.

SALT LAKE CITY, UTAH, TELEGRAM
APRIL 3, 1942

SENATOR RAPS HUGE PROFITS IN MAGNESIUM

Assails Company At Las Vegas As 'Racketeering'

WASHINGTON, April 3 (UP)—The senate and a house subcommittee Friday heard charges of excessive profits and extravagance in connection with war contracts.

Senator Berkeley Bunker (D., Nev.) charged in the upper chamber that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4280 per cent" for operating a government-built magnesium plant at Las Vegas, Nev.

Gordon K. Miller, investigator for a house military affairs subcommittee, testified before that group that \$9361 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4500 some time before.

Meanwhile, Chairman Kenneth McKellar (D., Tenn.) of the senate military appropriations subcommittee appeared to have agreed that legislative action must be taken to curb high profits on war contracts.

He said final subcommittee action on the new \$18,301,961,345 supplemental war funds bill had been postponed until Monday to permit perfection of an amendment which would permit renegotiation of any war contract believed to permit excessive profits.

Investment of \$50,000
Bunker told the senate that Basic Magnesium, Inc., has an admitted investment of \$50,000, but that it will make a profit of \$2,140,000 in one year for performing certain construction and operation services on the Las Vegas plant.

At the same time Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Bunker quoted from a report issued Thursday by the senate committee investigating the war program which characterized the terms of the Basic Magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

Commenting on the list of salaries...

SALEM, ORE., JOURNAL
APRIL 3, 1942

APR 3 - 1942

Reveals Profiteering At Las Vegas Plant

Washington, April 3 (AP)—Senator Bunker (D., Nev.), charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, O., for which the Defense Plant corporation is financing a \$53,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the defense plant corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900. Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director or purchases, \$10,000, and C. A. Warne, controller, \$10,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country."

A partial list of the officials and their salaries follows:

H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager, construction, \$17,500; G. B. Kaufman, manager engineering, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley C. Lee, technical advisor, \$12,000; W. R. Battey, director electric design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000; C. A. Warne, controller, \$10,000.

WASHINGTON, April 3 (AP)—Senator Bunker (D., Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, O., for which the Defense Plant corporation is financing a \$53,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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APRIL 3, 1942
COPPER SPRINGS, COL. TELEGRAM

MAGNESIUM FIRM CALLED PROFITEER

WASHINGTON, April 3 (AP)—Senator Bunker (D., Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, O., for which the Defense Plant corporation is financing a \$53,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

Magnesite Offer Called Profiteering

Washington, Apr. 2 (AP)—A Senate subcommittee recommended today that the Defense Plant Corp. refuse to accept "any such exorbitant royalty terms" as proposed by Basic Magnesium, Inc., of Cleveland, for magnesite ore deposits which the company proposes to lease to the government for a \$63,000,000 magnesite plant at Las Vegas, Nev.

The Defense Plant Corp. agreed last fall to finance construction of the plant.

"This proposed lease appears to the subcommittee as one of the most flagrant attempts at war profiteering to come to its notice," said the subcommittee, which studied the project at a hearing in Las Vegas at the request of Sen. Bunker (D-Nev.).

PLACED NEW PRICES
APRIL 3, 1942

Bunker Brands BMI Officials "Racketeers"

WASHINGTON, April 3, (UP)—Senator Berkeley L. Bunker of Nevada speaking in the United States senate today, charged that Basic Magnesium, Inc., of Las Vegas is a "racketeering industrial corporation" and stands to make a profit of 4,280 per cent for operating a government-built plant.

Senator Bunker said that BMI will profit to the extent of \$2,140,000 in one year on performing certain services in constructing and operating the plant.

SALARIES TOLD

Bunker released the salaries which are being paid to various Basic Magnesium officials, as follows: Project Manager H. C. Mann, \$36,000 per year; Assistant Project Manager D. W. Stewart, \$20,000; W. F. Way, project construction manager, \$17,500; G. B. Kaufman, engineering manager, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley Lee, technical advisor, \$12,000; W. R. Battey, director of electric design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, purchasing director, \$10,000; C. A. Warne, controller, \$10,000.

Senator Bunker said that the list "was official, but does not account for any recent possible increases."

"I hesitated to make the list public in view of the fact that United States soldiers are making \$21 per month," Senator Bunker said.

He pointed out that 14 of the Basic Magnesium officials get more than the base pay of General Douglas MacArthur.

GIGANTIC PROFIT SEEN

WASHINGTON, April 3 (AP)—Senator Bunker (D-Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

Firm Is Charged With War Profit Of 4280 Percent

WASHINGTON, April 3—(AP)—Senator Bunker (D., Nev.), charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the defense plant corporation is financing a \$63-million-dollar magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4280 percent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the Defense Plant Corp. and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

Bunker Sees Basic Firm Racketeering

(United Press)

WASHINGTON—Nevada's Senator Berkeley L. Bunker charged today before the United States senate that Basic Magnesium, Inc., building a \$63,000,000 plant near Las Vegas, Nev., is a "racketeering industrial corporation and stands to make a profit of 4,280 percent for operating a government-built plant."

HUGE PROFITS

Bunker asserted that Basic Magnesium will make a profit of \$2,140,000 in one year on performing certain services in constructing and operating the huge plant in southern Nevada.

The Nevada senator released salaries paid the officials of Basic Magnesium at Las Vegas. They included:

Project Manager H. C. Mann, \$36,000 a year; Assistant Project Manager D. W. Stewart, \$20,000 a year; W. F. Way, project construction manager, \$17,500 a year; G. B. Kaufman, engineering manager, \$17,000 a year; W. W. Patnoe, chief engineer, \$13,800 a year; Harley Lee, technical advisor, \$12,000 a year; W. R. Battey, director of electric design, \$10,400 a year; W. B. Dyer, chief engineer, \$10,104 a year; R. C. Kelly, purchasing director, \$10,000 a year; C. A. Warne, controller,

\$10,000 a year.

OFFICIAL LIST

Bunker in speaking before the senate today declared the list was "official but does not account for any recent possible increases."

"I hesitate to make a list public of the \$21-a-month persons. Fourteen of these officials I have named get more than the base pay of General MacArthur."

The Truman investigating committee reported yesterday that a lease agreement between the Defense plant corporation and a private firm for obtaining magnesite ore for the Basic Magnesium, Inc., plant was "one of the most flagrant attempts at war profiteering to come to the committee's notice."

SENATOR CHARGES COMPANY MAY MAKE 4280 PCT. PROFIT

Declares Basic Magnesium, Inc., Might Get \$2,140,000 in Year on Investment of Not More Than \$50,000.

WASHINGTON, April 3 (AP)—Senator Bunker (Dem., Nevada)

charged today on the Senate floor that Basic Magnesium, Inc., of Cleveland, O., for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000." Jesse Jones, Secretary of Commerce, is chairman of Defense Plant Corporation.

At Bunker's request a subcommittee of the Special Senate Committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the Senate he would "tie the ends of this amaz-

ing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$9,000.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

Firm May Make \$2,140,000 On Investment of \$50,000

Washington—(P)—Senator Bunker (D-Nev.) charged today on the Senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

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Reads List of Salaries. The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$9,900.

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Bunker said that 14 officials "are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country."

Official Figures. "The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, by the defense plant corporation."

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

Charges Defense Plant's Profit 4,280 Per Cent

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NEVADA SOLON REVEALS A BIG PROFIT GOUGE

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U. S. OFFICIALS MOVE TO BLOCK EXCESS PROFITS

WASHINGTON (UP) The Senate and a House subcommittee Friday heard charges of excess profits and extravagance in connection with war contracts.

Senator Berkeley Bunker (D-Nev.) charged in the upper

chamber that Basic Magnesium Inc. of Cleveland is a "racketeering industrial corporation" which stands to make a profit of 4,280 per cent for operating a government-built magnesite plant at Las Vegas, Nevada.

Gordon Miller, investigator for a House Military Affairs subcommittee, testified before that group that \$9,361 had been paid in rental for a truck used in building the Minden, La., ordnance plant although the truck had been sold for \$4,500 some time before.

Meanwhile Chairman Kenneth McKellar (D. Tenn.) of the Senate Military Appropriations committee told reporters that members of the subcommittee appeared to have agreed that legislative action must be taken to curb high profits on war contracts.

SENATOR SAYS FIRM TO MAKE 4,280 PER CENT

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Chippewa Falls Herald
Chippewa, Wis.

4,280 Per Cent Profit Charged Asserts Company Stands to Make Huge Figure on War Plant.

Washington. (AP) — Senator Bunker (D-Nev.) charged today on the Senate floor that Basic Magnesium, Inc., of Cleveland, O., for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000.

At Bunker's request a subcommittee of the special Senate committee which is investigating the National Defense program conducted hearings at Las Vegas in March and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

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Racketeering By Magnesium Group Charged

Huge Salaries of Nevada Concern Bared by Senator

WASHINGTON — (AP) — Sen. Berkeley Bunker, D. Nev., charged in the senate today that Basic Magnesium, Inc., of Cleveland, Ohio, is a "racketeering industrial corporation which stands to make a profit of 4,280 percent" for operation of a government-built magnesium plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in a year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Flagrant Profiteering

Bunker quoted from a report issued yesterday by the senate committee investigating the war program which characterized the terms of the Basic Magnesium lease as "one of the most flagrant attempts at war profiteering" to come to its notice.

Commenting on the list of salaries of officials, Bunker said: "I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps."

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

A partial list of the officials and their salaries follows: H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, manager of engineering, \$17,000; W. W. Patton, chief engineer, \$13,800; Harley C. Lee, technical adviser, \$12,000; W. R. Battey, director of electric design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000; C. A. Warne, controller, \$10,000.

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Some Truck—

WASHINGTON — (AP) — Gordon K. Miller, investigator for a House Military Affairs subcommittee, testified before the group today that \$9,951 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4500 some time before.

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DEFENSE LEASE IS ASSAILED BY SENATE REPORT

Magnesium Company Signs Contract For Excessive Profit—Claim

Washington, April 3 — (AP) — Senator Bunker, Democrat, Nevada, charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, O., for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, O., operating in Nevada, by the defense plant corporation," Bunker added.

Senator Claims Magnesium Firm Is Racketeering

WASHINGTON, April 3. — (AP) — Senator Berkeley Bunker (Dem., Nev.) charged in the senate today that Basic Magnesium, Inc., of Cleveland, Ohio, is a racketeering industrial corporation which stands to make a profit of 4,280 percent for operation of government built magnesium at Las Vegas, Nevada.

The corporation, which has an admitted investment of \$50,000, he said will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

APR 3 - 1942

CLAIMS CLEVELAND COMPANY TO MAKE LARGE WAR PROFIT

Senator Bunker Charges Basic Magnesium, Inc. Stands to Gain 4,280 Per Cent in One Year

Washington — (AP) — Senator Bunker, Democrat, Nevada, charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, O., for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, O., operating in Nevada, by the Defense Plant Corporation," Bunker added.

Bare 4,280% War Contract Profit

WASHINGTON, April 3. — (By International News Service.) — The Senate today was told a Las Vegas, Nev., mining firm will realize a profit of 4,280 per cent, or \$2,140,000 a year on a war contract with the Defense Plant Corporation.

Sen. Bunker (D.) of Nevada, charged one out of every four employees of the concern, Basic Magnesium, Inc., is receiving a salary of from \$9,000 to \$36,000 a year. He said:

"It should be noted these salaries are being paid out of the taxpayer's money advanced to the firm by the Defense Plant Corporation.

"In view of the figures submitted, it leaves little reason to wonder labor is insisting on reasonable hours and good salaries in war industries."

of Toungou on the road to Mandala-
Spain.

Charges Magnesium Firm to Make 4,280 Per Cent Profit

Washington — (AP) — Senator Bunker (D-Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the defense plant corporation," Bunker added.

From
WORLD TELEGRAM
New York City

APR 3 1942

Royalties on Magnesite Ore 'Exorbitant,' Senators Hold

By the Associated Press.

WASHINGTON, April 3. — A Senate subcommittee recommended today that the Defense Plant Corp. refuse to accept "any such exorbitant royalty terms" as proposed by Basic Magnesium, Inc., of Cleveland, for magnesite ore deposits which the company proposes to lease to the government for a \$63,000,000 magnesite plant at Las Vegas, Nev.

The Defense Plant Corp. agreed last fall to finance construction of the plant.

"This proposed lease appears to the subcommittee as one of the most flagrant attempts at war profiteering to come to its notice," said the report of the subcommittee of a group investigating the defense program.

The committee studied the project at a hearing in Las Vegas at the request of Senator Bunker (D-Nev.).

The committee, which said it would conduct further hearings in Washington, expressed opinion that "a plant, especially one of this magnitude ought not to have been commenced until after the Defense Plant Corp. had reached an agreement as to the terms of the license under which it was to

operate and as to the cost of the raw material from which the magnesium was to be produced."

It declared that Basic Magnesium, Inc., was to receive a fee for operation of the plant "which at maximum operation will equal \$560,000 a year over a possible period of 30 years, although it is not even financially responsible to warrant the leasing of the property to it."

"In addition," the report continued, "Basic Magnesium is to receive a \$300,000 fee plus costs for construction and engineering services although it had little or no construction experience in the past and although more than \$1,000,000 is to be paid in fees for construction, engineering and architectural services to be performed by others on a cost-plus-fixed-fee basis."

The report also asserted that should the Defense Plant Corp. "because of poor performance" cancel the Basic Magnesium's contract to operate the Las Vegas plant "it would under that contract have to pay BMI \$1,000,000. In addition, BMI's royalties under the ore lease would be doubled to \$2 a ton or \$560,000 a year. The terms seem to put a premium on mismanagement."

Exorbitant Profits, Salaries Charged in Nevada War Plant

Senator Says \$50,000 Nets Two Millions

WASHINGTON, April 3.—(AP)—Senator Bunker (D., Nev.) charged Friday on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corp. is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 percent of \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and Thursday filed with the senate a report which termed a lease agreement between the Defense Plant Corp and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Senate Address Promised

Elaborating Friday, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000; W. R. Battley, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

More Pay Than MacArthur

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials.

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country.

Out of Tax Money

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances.

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corp."

PROFITEERING BY MAGNESIUM FIRM IS CHARGED

Senators Insist Margin Would Be Million a Year for 30 Years.

Washington, April 3.—The senate war program investigating committee Thursday cited as "one of the most flagrant attempts at war profiteering" the alleged case of a magnesium firm which will make nearly one million dollars a year for a possible period of thirty years on an investment of "not over \$50,000."

The committee said the company is Basic Magnesium, Inc., which will operate a magnesium plant for the government at Las Vegas, Nev., and will supply the ore from 600 acres of deposits.

It said the company is asking a royalty of \$1 a ton on ore, bringing an annual return of \$280,000 compared with a total investment of "not over \$50,000." The company, according to the committee, "is also to receive a fee for the operation of the plant, which at maximum production will equal \$560,000 a year over a possible period of thirty years, altho it is not even sufficiently financially responsible to warrant the leasing of property to it."

Additionally, the report said, the firm is to receive a \$300,000 fee plus costs for plant construction, altho it had little or no construction experience in the past and altho more than one million dollars is to be paid for architectural and engineering services to be performed by others.

The committee said that, under terms of the contract, if Defense Plant corporation should cancel B. M. I.'s contract "because of poor performance or any other reason . . . it will have to pay B. M. I. one million dollars." Additionally, B. M. I.'s royalties under the proposed lease "would be doubled to \$2 a ton or \$560,000 a year."

The committee recommended that Defense Plant corporation refuse the royalty terms and said terms of the contract "seem to put a premium on mismanagement and incompetency."

Raps Alleged Defense Plant Corporation Agreement

Says It Indicates Some Officials Are Guilty of Malfeasance

Washington, April 9.—(AP)—Senator Bunker (D-Nev.) charged in a senate address Thursday that an agreement between the Defense Plant corporation and Basic Magnesium, Inc., of Cleveland, Ohio, for construction of a \$63,000,000 magnesite refinery at Las Vegas, Nev., "is so sinister as to indicate that some officials of our government are guilty of malfeasance."

He demanded a thorough investigation of the Defense Plant corporation, a subsidiary of the Reconstruction Finance corporation, and added:

"If the agreement between the Defense Plant corporation and Basic Magnesium, Inc., represents a cross section of conduct on the part of the Defense Plant corpora-

tion, I can come to only one conclusion: We are tolerating the existence of an agency of the government that is so corrupt that it would make profiteering in the last war look like petit larceny by comparison."

Last week Bunker told the senate that Basic Magnesium Inc., stood a chance of making a profit of 4,280 per cent in one year on an admitted investment of less than \$50,000.

Bunker, youngest member of the senate, declared Thursday that the ramifications of the transaction were so far reaching as to "project Basic Magnesium, Inc., into the picture of international intrigue, involving English and German interests."

Forty-five per cent of the stock in Basic Magnesium, Inc., he said, was owned by Magnesium Elektron, Ltd., of England. The English company, he added, obtained that interest by agreeing to furnish a

magnesium refining process it obtained under an agreement with I. G. Farbenindustrie of Germany. Bunker said the other 55 per cent of the stock was owned by Basic Refractories, Inc.

Bunker said terms of the Defense Plant corporation-Basic Magnesium, Inc., agreement provided that Defense Plant corporation would pay the company \$1,000,000 in case the plant was sold to some company other than Basic Magnesium, Inc.; \$300,000 for supervising construction; \$280,000 a year royalty on ore taken from the public domain claims, and an estimated \$560,000 for management and operating of the plant annually. The total was \$2,140,000.

He said the Defense Plant corporation agreed to pay all the bills, including salaries, wages and materials and contractors fees and certain expenses incurred prior to the culmination of the agreement.

"The Defense Plant corporation also agreed to pay a firm of architects \$28,000 for the privilege of using plans for 800 demountable houses at the Las Vegas plant—plans which had previously been used on another government project," Bunker charged.

"Thus the government bought the same plans twice.

"The Defense Plant corporation is now paying traveling expenses and salaries of 45 officials of Basic Magnesium, now in England studying the process. At the same time, Defense Plant corporation is paying the salaries of English technicians who are in America promoting interests of their company."

rom PRESS Savannah, Ga.

APR 3 1942

SENATE TO PROBE WAR PROFITEERING

NEVADA MINING CASE TERMED MOST FLAGRANT ATTEMPT

WASHINGTON, April 3 (INS).—The Senate today was told that a Las Vegas, Nev., mining firm will realize a profit of 4,280 per cent, or \$2,140,000 a year on a war contract with the defense plant corporation.

Sen. Bunker (D-Nev.), made the disclosure, charging that one out of every four employees of the mining concern, Basic Magnesium, Inc., is receiving a salary of from \$8,000 to \$36,000 a year.

WASHINGTON, April 3 (INS).—The special Senate defense committee today announced that an investigation will be made into a \$70,000,000 government loan to a Nevada mining company and at the same time termed the transaction "one of the most flagrant of war profiteering attempts."

The loan, according to the committee, was made by the Defense Plant Corporation, to Basic Magnesium, Inc., of Nevada for the production of magnesium needed in the defense effort. Committee members said the loan, made last year, was granted without collateral.

According to a report by H. G. Robinson, investigator for the committee, under the contract with Basic Magnesium, the government is obligated to make these payments to the Nevada firm:

1. \$280,000 a year in royalties on an investment of \$50,000 and a patent the mining corporation does not own; if the firm is not permitted to operate the plant, the royalties are to be doubled;

2. \$560,000 a year over a period of 30 years for operation of the plant;

3. A \$300,000 fee plus cost for construction and engineering services in which the mining firm, it was said, has had no experience, and,

4. \$1,000,000 if the contract is dissolved by the government.

However, if B. M. I. decides to break the contract, repayment to the government shall be determined by arbitration.

The agreement was entered into after two American firms, Basic Refractories and Basic Ores, combined with a British firm, Magnesium Elektron, Ltd. The British firm owned license rights to a magnesium mining process through an agreement with I. G. Farbenindustrie, the German trust with which, it has been charged, the Standard Oil Company deals in monopolizing rubber patents.

B. M. I. informed the Defense Plant Corporation it could produce 112,000,000 pounds of magnesium ore annually and the agreement was settled on August 13, 1941. To date, only 8 per cent of the magnesium metal producing units have been completed, the Senate committee says.

One member of the committee pointed out that the facts disclosed by a preliminary investigation showed that the Defense Plant Corporation is paying "tremendous fees" merely for the "know how" or the process method.

Congress Takes Increasing Interest In Excess Profits and Oil Contracts

WASHINGTON —(UP)— Assistant Secretary of State Adolf A. Berle Jr. testified today that the Standard Oil company of New Jersey had refused this government's request to stop supplying gasoline to a German airline in Brazil until this country threatened to "black list" the airline.

He told the special senate committee investigating the war program that the company did not want to breach its contract to supply the airline with fuel.

Then William Lavarre, commerce department Latin American expert and noted explorer, charged that there actually was no contract between Standard Oil's Brazilian subsidiary of the German airline Condor under which the oil firm was to supply the Axis planes with gasoline.

WASHINGTON —(UP)— The senate and a house sub-committee today heard charges of excess profits and extravagance in connection with war contracts.

Sen. Berkeley Bunker, D., Nev., charged in the upper chamber that Basic Magnesium of Cleveland is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operating a government-built magnesium plant in Nevada.

Gordon K. Miller, investigator for a house military sub-committee, testified before that group that \$9,351 had been paid in rental for a truck used in building the Minden ordnance plant in Louisiana although the truck had been sold for \$4,500 some time before.

War Plant Stands to Make 4,280 Pct. Profit, Senator Says

'Amazing Profiteering' by Refinery Backed By U. S. Funds Charged by Nevadan

(Earlier Story on Page B-16.)

By the Associated Press.

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At Senator Bunker's request, a subcommittee of the special Senate committee which is investigating the national defense program conducted hearings at Las Vegas in March, and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corp. and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Senator Bunker read a list of salaries of officials of the company, and added that later in an address to the Senate he would "tie the ends of this amazing scandal of war profiteering together."

Salary List Disclosed. The list of salaries included names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900. Among them were:

H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000; W. R. Baitey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

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the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Senator Bunker.

"But in keeping with my statement previously made on the floor, I believe the Senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials.

Fay Exceeds MacArthur's.

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country.

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances.

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corp.

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours, and good salaries in war industries.

"It is my humble and studied opinion that the members of this special committee investigating the national defense program are performing one of the greatest services to America that has been performed by any group who sit in the United States Senate."

From PLAIN-DEALER Cleveland, Ohio APR 3 1942

ASSAIL FIRM HERE FOR 'PROFITEERING'

Senate Probers Cite Fees of Basic Magnesium, Inc.

WASHINGTON, April 2.—(UP)— The Senate war program investigating committee today cited as "one of the most flagrant attempts at war profiteering" the alleged case of a magnesium firm which will make nearly \$1,000,000 a year for a possible period of 30 years on an investment of "not over \$50,000."

The committee said the company is Basic Magnesium, Inc., of Cleveland, which will operate a magnesium plant for the government at Las Vegas, Nev., and will supply the ore from 600 acres of deposits.

It said the company, headed by Howard P. Ellis, jr., is asking a royalty of \$1 a ton on ore, bringing an annual return of \$280,000, compared with a total investment of "not over \$50,000." The company, according to the committee, "is also to receive a fee for operation of the plant, which at maximum production will equal \$560,000 a year over a possible period of 30 years, although it is not even sufficiently financially responsible to warrant the leasing of property to it."

Hit Royalty Terms

Additionally, the report said, the firm is to receive a \$300,000 fee plus costs for plant construction "although it had little or no construction experience in the past" and although more than \$1,000,000 is to be paid for architectural and engineering services to be performed by others.

The committee recommended that Defense Plant Corp. refuse the royalty terms and said terms of the contract "seem to put a premium on mismanagement and incompetency."

PRESS Cleveland, Ohio APR 4 1942

MOST ANYTHING

By J. W. RAPER



A WORD FROM JOSH WISE

Men would a lot rather cheer th'n think.

Senator Bunker of Nevada charges that Basic Magnesium Inc. of Cleveland, Howard P. Ellis Jr., president, stands to make a profit of \$2,140,000 on an investment of \$50,000. That isn't profit, senator. That's incentive.

Senator George, anti-New Dealer of Georgia, wants President Roosevelt to induce labor to work a sixth day in the week at regular wages. We'd be willing to wager the men working for Basic Magnesium Inc. would be tickled to death to comply with the request.

Huge Profits On Magnesium Are Charged

Nevada Senator Claims That 4,280 Per Cent Planned Under Contract

WASHINGTON, April 3. (AP)—Senator Bunker (D-Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corp. is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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List of Salaries
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CLEVELAND, O. PLAIN DEALER
Cir. 233,071, Sun. Cir. 356,934
APRIL 3, 1942

CITES MAGNESIUM FIRM'S SALARIES

Senator Says 14 Officials Top MacArthur in Pay

WASHINGTON, April 3.—(AP)—Charging that Basic Magnesium, Inc., of Cleveland stood to make a profit of 4,280 per cent. in one year, Senator Bunker (D.), Nevada, late today on the Senate floor read a list of corporation salaries, which he said in 14 instances exceeded that paid Gen. Douglas MacArthur.

Bunker said the Defense Plants Corp. now is financing a \$63,000,000 Magnesite refining plant for the corporation at Las Vegas, Nev.

He said Basic Magnesium "stands to make a profit of 4,280 per cent., or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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Reads Salary List
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From POST
New York City
APR 3 1942

Magnesium Profit Put At 4,280%

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"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

Huge Magnesium Profit Estimated

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4,280 percent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

HUGE FEE TO MAGNESIUM FIRMS SLATED

WASHINGTON, April 4 (INS).—The special Senate defense committee today announced that an investigation will be made into a \$70,000,000 government loan to a Nevada mining company and at the same time termed the transaction "one of the most flagrant of war profiteering attempts."

The loan, according to the committee, was made by the Defense Plant Corporation to Basic Magnesium, Inc., of Nevada for the production of magnesium needed in the defense effort. Committee members said that the loan, made last year, was granted without collateral.

According to a report by H. G. Robinson, investigator for the committee, under the contract with Basic Magnesium, the government is obligated to make these payments to the Nevada firm:

1. \$280,000 a year in royalties on an investment of \$50,000 and a patent the mining corporation does not own; if the firm is not permitted to operate the plant, the royalties are to be doubled;
2. \$560,000 a year over a period of 30 years for operation of the plant;
3. A \$300,000 fee plus cost for construction and engineering services in which the mining firm, it was said, has had no experience, and,
4. \$1,000,000 if the contract is dissolved by the government.

DETROIT, MICH., FREE PRESS
Cir. 256,047, Sun. Cir. 379,237
APRIL 3, 1942

Sliding Scale of 2 to 10 Pct. Is Proposed

Move Would Affect Subcontracts; Follows Mounting Ire Over Expose of Earnings

By the United Press
WASHINGTON, April 3.—A Senate Appropriations subcommittee tonight approved in principle rigid control of corporate earnings on Government war contracts by announcing that it favors a sliding scale of profit limitations ranging from 2 per cent on contracts of over \$50,000,000 to 10 per cent on contracts below \$100,000.

The committee revealed its program as Congressional ire over alleged war profiteering reached high pitch when Senator Berkeley Bunker, Nevada Democrat, charged that Basic Magnesium, Inc., Cleveland, is "a racketeering industrial corporation" which stands to make a profit of 4,280 per cent for operating a Government-built magnesite plant at Las Vegas, Nev. He told the Senate that the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

Curb Being Drafted
The limitations program—drafted by Senator Elmer Thomas, Oklahoma Democrat, was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals advanced by other members of the deficiency subcommittee which is considering the \$18,000,000 House-approved supplemental war appropriation.

Thomas told reporters that the subcommittee agreed on the following scale of profit limitations based on the total contract price:

- On contracts up to \$100,000—10 per cent.
 - From \$100,000 to \$500,000—8 per cent.
 - From \$500,000 to \$1,000,000—6 per cent.
 - From \$1,000,000 to \$5,000,000—5 per cent.
 - From \$5,000,000 to \$20,000,000—4 per cent.
 - From \$20,000,000 to \$50,000,000—3 per cent.
 - Over \$50,000,000—3 per cent on the portion below \$5,000,000 and 2 per cent on the remainder.
- Substitute for 6 Per Cent
The plan was proposed as a substitute for a flat 6 per cent limitation written into the bill by the House. It would apply to both prime and subcontracts.

Under its terms, the Secretaries of War and Navy and the chairman of the Maritime Commission would be instructed to withhold from payments to contractors a sum equal to at least 20 per cent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements, a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

4,280 Pct. Profit Charged in Ohio Firm's War Deal

WASHINGTON, April 4.—(AP)—Senator Berkeley L. Bunker (Dem.), Nevada, charged on the Senate floor that Basic Magnesium, Inc., of Cleveland, for which the Defense Plant Corp. is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special Senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and Thursday filed with the Senate a report which termed a lease agreement between the Defense Plant Corp. and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the Senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000; W. R. Batty, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"But in keeping with my statement previously made on the floor, I believe the Senate and the public

APR. 4, 1942
PITTSBURG, KS. SUN

CHARGES PROFITEERING.

WASHINGTON, April 3.—(AP)—Senator Bunker, Democrat, Nevada, charged today on the Senate floor that Basic Magnesium, Inc., of Cleveland, for which the defense plant corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 percent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

On contracts up to \$100,000—10 per cent.

From \$100,000 to \$500,000—8 per cent.

From \$500,000 to \$1,000,000—6 per cent.

From \$1,000,000 to \$5,000,000—5 per cent.

From \$5,000,000 to \$20,000,000—4 per cent.

From \$20,000,000 to \$50,000,000—3 per cent.

Over \$50,000,000—3 per cent on the portion below \$5,000,000 and 2 per cent on the remainder.

Substitute for 6 Per Cent
The plan was proposed as a substitute for a flat 6 per cent limitation written into the bill by the House. It would apply to both prime and subcontracts.

Under its terms, the Secretaries of War and Navy and the chairman of the Maritime Commission would be instructed to withhold from payments to contractors a sum equal to at least 20 per cent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements, a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

DETROIT, MICH., NEWS
Cir. 322,284, Sun. 378,342
APRIL 3, 1942

ST. CLOUD (MINN.) HERALD
SATURDAY, APRIL 4, 1942

Profit of 4280 Percent Seen in Defense Outlet

Washington (AP)—Senator Bunker (D-Nev.) charged on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the defense plant corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 percent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the defense plant corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000.

Bunker said that 14 officials "are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, by the defense plant corporation."

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

MEMPHIS, TENN., COMMERCIAL
APPEAL, Cir. 117,212, Sun. 140,738
APRIL 3, 1942

NEVADA MINING FIRM STARTLES CONGRESS WITH FABULOUS PAY

Making 4280 Per Cent Profit On Magnesium Contracts, Senator Charges

FINANCED BY U. S. LOAN

'Flagrant War Profiteering,' Committee Told

LOUISIANA PLANT COSTLY

Minden Shell-Loading Project Termed Unsafe, Wasteful Of Construction Material By Investigator

By PHILIP G. REED
International News Service Staff Writer
WASHINGTON, April 3.—Evidence of faulty construction despite "excessive costs" at military plants, coupled with the disclosure that a Nevada mining firm will make a 4280 per cent profit on war contracts stirred the ire of Congress Friday night.

To an amazed Senate Committee investigating the war program, Senator Bunker (D., Nev.) unfolded the story of how the Government financed Basic Magnesium Company of Las Vegas, Nev., is paying one out of every four of its employees a salary ranging between \$9,000 and \$36,000 a year.

Unsecured Loan
This firm was financed with an unsecured \$70,000,000 loan from the Defense Plant Corp. and is engaged in producing magnesium, Bunker said.

Branding this loan as "one of the most flagrant of war profiteering attempts," Bunker said that Basic Magnesium will realize a profit of 4280 per cent, or \$2,140,000 a year on its contract.

"It leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

The firm promised to produce 112,000,000 pounds of magnesium ore annually, but in the words of the committee "there has been only miserable progress."

Meanwhile, the House Military Affairs Committee received documents showing that the Army's huge \$27,000,000 shell loading plant at Minden, La., "is unsafe and improperly constructed."

May Collapse
Committee Investigator Gordon K. Miller also declared that cost of building was excessive and predicted many of the structures would collapse in a high wind.

Tons of steel were wasted in the construction job, he continued. One ramp, costing \$216,000 represented a 50 per cent waste of steel.

Miller presented photographs of a small frame shed erected at a cost of \$17,000 for the purpose of greasing automobiles. Another photograph showed a much larger filling station constructed privately near the plant at a mere cost of \$1100.

Laws Recommended To Limit Profits

WASHINGTON, April 3.—(INS)—Legislation to put ceilings on profits of Government war contractors was recommended by a Senate Appropriations Subcommittee Friday night.

The subcommittee plan would establish a graduated scale of profit limitation, 10 per cent on contracts involving up to \$100,000, and graduated down to 2 per cent on contracts in excess of \$50,000,000.

These limitations would apply before taxes are paid by the company. The proposals also would direct the War and Navy Departments and the Maritime Commission to crack down on excessive bonuses paid by war industries to their officials and employees.

RIGID PROFIT CONTROL WINS NEW SUPPORT

Bunker Accuses BMI Of Big Returns At Plant

WASHINGTON, April 3. (AP)—A senate appropriations subcommittee tonight approved in principle rigid control of corporate earnings on government war contracts, announcing it favors a sliding scale of profit limitations ranging from two per cent on contracts of over \$50,000,000 to 10 per cent on contracts below \$100,000.

The committee revealed its program as congressional ire over alleged war profiteering reached high pitch when it was disclosed that one corporation will enjoy for one year a profit of 4,280 per cent for operating a plant built with government funds.

Hurls Charge

Sen. Berkeley Bunker, D., Nev., charged in the upper chamber that Basic Magnesium, Inc., of Cleveland, Ohio, a racketeering industrial corporation which stands to make a profit of 4,280 per cent for operating a government-built magnesium plant at Las Vegas, Nev.

Gordon K. Miller, investigator for a house military affairs subcommittee, testified before that group that \$9,361 had been paid in rental for a truck used in building the Minden, La., ordnance plant, although the truck had been sold for \$4,500 some time before.

Meanwhile Chairman Kenneth McKellar, D., Tenn., of the senate military appropriations subcommittee, told reporters that members of the subcommittee appeared to have agreed that legislative action must be taken to curb high profits on war contracts.

Bunker told the senate that Basic Magnesium, Inc., has an "admitted investment of \$50,000 but that it will make a profit of \$2,140,000 in one year for performing certain construction and operation services on the Las Vegas plant."

Lists Salaries

At the same time Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Bunker quoted from a report issued yesterday by the senate committee investigating the war program which characterized the terms of the Basic Magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

Commenting on the list of salaried officials, Bunker said it is "official" but does not take into account any pay raises which may have been effected recently.

"In view of the figures submitted it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries," he said.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," he said.

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

A partial list of the officials and their salaries follows:

H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager, construction, \$17,500; G. B. Kaufman, manager engineering, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley C. Lee, technical adviser, \$12,000; W. R. Battey, director electric design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000; C. A. Warne, controller, \$10,000.

The limitations program—drafted by Sen. Elmer Thomas, D., Okla., was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals advanced by other members of the deficiency subcommittee which is considering the \$18,000,000,000 house approved supplemental war appropriation.

Thomas told reporters the subcommittee agreed on the following scale of profit limitations based on the total contract price: On contracts up to \$100,000, 10 per cent; from \$100,000 to \$500,000, eight per cent; from \$500,000 to \$1,000,000, six per cent; from \$1,000,000 to \$5,000,000, five per cent; from \$5,000,000 to \$20,000,000, four per cent; from \$20,000,000 to \$50,000,000, three per cent; over \$50,000,000, three per cent on the portion below \$50,000,000 and two per cent on the remainder.

The plan was proposed as a substitute for a flat six per cent limitation written into the bill by the house. It would apply to both prime and subcontracts.

SLIDING PROFITS SCALE STUDIED

Senate Prepares Formula To Fix Ceiling On Earnings.

Washington, April 3. (AP)—A sliding-scale system of limiting war profits—ranging from a ceiling of 10 per cent on small contracts down to 2 per cent on the largest—was reported tonight to have tentative approval of a Senate appropriations subcommittee.

Senator Elmer Thomas (D., Okla.), author of the proposal, said it was "approved in principle" as the Senate subcommittee increased a pending War Department appropriation measure from \$18,300,000,000, approved by the House, to more than \$19,000,000,000.

But Senator Kenneth McKellar (D., Tenn.), chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters that the entire subject "is up in the air" until a full committee session tomorrow.

Graduated Scale Set.

Earlier, McKellar had indicated that the group would accept a flexible-profit limitation provision giving the secretary of war, secretary of navy or chairman of the Maritime Commission authority to renegotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: a 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000, and 2 per cent on amounts above \$50,000,000.

Officials would be authorized to withhold 20 per cent of payment due on war contracts until a certificate was filed showing that contractors had complied with the limitations, Thomas said.

"Contracts could be re-negotiated upward as well as down," he said. "If a bidder showed that he had honestly lost money, then he could be paid up to actual costs, or possibly even a profit. We will have to work out a lot of these details."

"Any profit limitation approved by the full Senate committee would replace a flat 6 per cent limitation placed in the bill by the House but opposed by Chairman Donald Nelson of the War Production Board on the grounds it was too rigid."

"The Senate, during the day, heard from Senator Berkeley L. Bunker (D., Nev.) an account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, O., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

The senator said that the government's Defense Plants Corporation was financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., for the Cleveland firm.

Reading a list of 40 corporation officials receiving from \$36,000 to \$39,000 a year, Bunker said "it should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, O., operating in Nevada, by the Defense Plants Corporation."

Several provisions in the amendment also were contained in a somewhat similar proposal drafted by Senators John H. Overton (D., La.) and Joseph C. O'Mahoney (D., Wyo.). Following the subcommittee session, all were sent to the legislative drafting service to be integrated into the appropriation measure before it is called up in the senate Monday.

Earlier in the week, Donald Nelson, head of the War Production board, appeared before the committee inveighing against the rigid 6 per cent limitation imposed by the house. He told the members that in some cases 6 per cent would be an exorbitant figure while for smaller contractors it might yield a totally inadequate return. It was also his suggestion that control over profits be vested in the war and navy departments and the maritime commission.

PROPOSE NEW SLIDING SCALE PROFIT CEILING

From 2 to 10% Favored on War Contracts.

(Chicago Tribune Press Service.)
Washington, D. C., April 3.—A sliding scale of profit limitations on war contracts, ranging from 2 to 10 per cent of cost, has been approved "in principle" by a senate appropriations subcommittee considering the new 18 billion dollar emergency appropriation bill, Sen. Elmer Thomas (D., Okla.) announced today.

The sliding scale would take the place of the flat 6 per cent restriction written into the house version of the bill last Saturday shortly before passage in that chamber on a voice vote.

Meanwhile the senate heard Sen. Berkeley L. Bunker (D., Nev.) read into the record a list of what he described as extortionate salaries paid out of taxpayers' money to top officials of Basic Magnesium, Inc. This company, operators of a 70 million dollar magnesium plant for the government at Las Vegas, Nev., was denounced yesterday by a special senate committee investigating war contracts as representative of "one of the most flagrant attempts at war profiteering" in the arms program.

Sen. Bunker asserted the company stands to make 4,200 per cent profit on its investment.

All Contracts Involved.

The new sliding scale profit limits would apply both to prime as well as subcontracts, with the larger percentages being paid on the smaller jobs. Under the terms of the proposal the secretaries of the war and navy and the chairman of the maritime commission would withhold payment of at least 20 per cent of the total contract value in each case until the contractor has filed a sworn statement of his itemized costs.

On the filing of this statement, it was explained, a final settlement would be made thru turning over a sum equal to the balance of cost plus the allowable profit. The amendment specifies that the government authorities in making the final payment are not to allow unreasonable salary or bonus payments or the accumulation of excessive reserves as part of cost.

Proposed Profit Scale.

Following is the scale of profit limitations in the Thomas proposal: On contracts up to \$100,000, 10 per cent; from \$100,000 to \$500,000, 8 per cent; from \$500,000 to \$1,000,000, 6 per cent; from \$1,000,000 to \$5,000,000, 5 per cent; from \$5,000,000 to \$20,000,000, 4 per cent; from \$20,000,000 to \$50,000,000, 3 per cent; more than \$50,000,000, 3 per cent on the portion below \$50,000,000 and 2 per cent on the remainder.

Plant Owned Jointly. It is owned jointly by Magnesium Elektron, Ltd., which has 45 per cent of the stock, and Basic Refractories, Inc., of Cleveland, O., which has 55 per cent. The former is a British company which is handling the building and operating of the plant, while the latter concern provides the ore deposits.

Howard Eells, representing Basic Refractories, is president of B. M. I. and Maj. Ball, a Briton, representing M. E. L., is vice president. Sen. Bunker said their salaries are paid from profits of the venture, and their names were not included in his list.

Sen. Bunker said he learned Eells received \$25,000 out of B. M. I. funds for six months' work and \$18,000 more from Basic Refractories. He said Maj. Ball's salary for the same period was comparable.

Eells told the committee that not more than \$25,000 to \$50,000 was spent in developing the claims.



Sen. B. L. Bunker.

Basic Magnesium, Inc., was termed "a racketeering industrial corporation" by Sen. Bunker, who gave the investigating committee the information which led to the inquiry. He told his colleagues B. M. I. stands to make \$2,140,000 in one year on an investment of not more than \$50,000.

Cites House Proposal.

"It is interesting to note the vast difference in this profit and the 6 per cent limitation on returns from arms contracts recently voted by the house," Sen. Bunker said.

"I hesitate to make this list public for fear of the reaction it will have from the men who are training, fighting, and dying for their country at \$21 and \$30 per month, and for fear of the reaction of the men, women, and children who are putting their dollars, dimes, and pennies into war bonds and stamps."

"But I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

"As a passing comment I might point out—and it will add insult to injury—that the battle of the Pacific is not won, and to date the people of America are losing the battle of Washington."

42 Names in List.

The salary list introduced by the senator contained the names and positions of 42 officials, ranging from project manager to assistant development engineer. It showed total pay outlays, all figured in the cost of the project and advanced by the Defense Plants corporation, headed by Jesse Jones, of \$1,373,954.

Following are the first dozen names on the list showing the officials, their

positions, and their annual salaries:

H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, construction project manager, \$17,500; G. B. Kaufman, engineering manager, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, engineering technical adviser, \$12,000; W. R. Battey, director electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

The senate committee found that the operation of the plant involves English and American promoters as well as the Defense Plants corporation, which is financing it. According to the committee's report, signed by Sen. Harry S. Truman (D., Mo.), chairman, the plant has made "miserable progress" in the production of one of the most vital war materials despite "tremendous fees" paid by the Defense Plants corporation.

Plant Owned Jointly.

It is owned jointly by Magnesium Elektron, Ltd., which has 45 per cent of the stock, and Basic Refractories, Inc., of Cleveland, O., which has 55 per cent. The former is a British company which is handling the building and operating of the plant, while the latter concern provides the ore deposits.

Howard Eells, representing Basic Refractories, is president of B. M. I. and Maj. Ball, a Briton, representing M. E. L., is vice president. Sen. Bunker said their salaries are paid from profits of the venture, and their names were not included in his list.

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Eells told the committee that not more than \$25,000 to \$50,000 was spent in developing the claims.

Basic Magnesium President Has "No Statement"

Thorough Probe Of Dealings Is Hinted

Howard P. Eells Jr., president of Basic Magnesium Inc., whose company was the subject Thursday of a critical senate subcommittee report, had "no statement to make" on the story relayed from Washington.

Yesterday Nevada's junior senator, Berkeley L. Bunker, charged the corporation with "racketeering" and revealed the pay of some of the high-salaried employees of Basic Magnesium, Inc.

"I'll let the people I'm working for do the talking," the head of the \$63,000,000 magnesium metal plant now being constructed near Las Vegas said as he prepared to board a train for Cleveland, Ohio, last night.

COMPLETE PROBE

Eells intimated that a complete and thorough investigation of his company's dealings with the federal government would be made and that until such time as all testimony had been taken, there was nothing to talk about.

The Cleveland industrialist who for the past six years has been engaged in sponsoring the commercial development of magnesium ores near Luning and who has carried out an extensive exploratory program with magnesite deposits in northwestern Nye county, expressed complete satisfaction with the progress which has been made both at Las Vegas and at Gabbs, northeast of Luning, where a magnesite concentration plant is nearing completion.

PRODUCTION DATE

"We expect to be in limited production by June 15," he said. "The first units of the concentrating plant will be in readiness by that time and the initial unit of the refining plant at Las Vegas will be ready to handle magnesium oxide and carbonate to be shipped from the primary plant at Gabbs."

Eells stated that the contract for trucking the concentrated ore from the primary plant to the railroad at Luning had been negotiated with Wells, Incorporated, Reno Trucking contractors, and had been forwarded for approval.

He reported that water from Lake Meade was turned into the company's reservoirs at the Las Vegas plant last Tuesday, coming in by way of a pipe line and boosted pumping station over a distance in excess of ten miles.

"We will be getting electrical power within a few weeks from southern California sources by way of Bishop, Calif. The power line extension from Miller's west of Tonopah is nearing completion, Diamond drilling has proved large tonnages of high grade ore and the open pit mine is expected to be in operation during April, from which a substantial tonnage of magnesium oxide will be produced during June."

"The capacity of the electrolytic plant at Las Vegas will be rapidly increased as additional units are added and we hope to attain an ultimate production goal of 56,000 tons of pure magnesium metal a year when the entire ten units to be constructed are in operation."

Plan 2 to 10 Pct War Profit Limit

Senate Subcommittee
Tentatively Approves
Sliding Scale System

By Associated Press.

WASHINGTON, April 3.—A sliding scale system of limiting war profits—ranging from a ceiling of 10 per cent on small contracts down to 2 per cent on the largest—was reported tonight to have tentative approval of a Senate Appropriations Subcommittee.

Senator Thomas of Oklahoma, author of the proposal, said it was "approved in principle" as the Senate subcommittee increased a pending War Department appropriation measure from \$18,300,000, approved by the House, to more than \$19,000,000.

But Senator McKellar of Tennessee chairman of the subcommittee handling the big appropriation bill and profits limits rider, told reporters that the entire subject "is up in the air" until a full committee session tomorrow.

POWER FOR OFFICIALS

Earlier McKellar had indicated that the group would accept a flexible profit limitation provision giving the Secretary of War, Secretary of Navy or chairman of the Maritime Commission authority to renegotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000, and 2 per cent on amounts above \$50,000,000.

MAY WITHHOLD 20 PER CENT

Officials would be authorized to withhold 20 per cent of payment due on war contracts until a certificate was filed showing that contractors had complied with the limitations, Thomas said.

"Contracts could be renegotiated upwards as well as down," he said. "If a bidder showed that he had honestly lost money, then he could be paid up to actual costs, or possibly even a profit. We will have to work out a lot of these details."

Any profit limitation approved by the full Senate Committee would replace a flat 6 per cent limitation placed in the bill by the House but opposed by Chairman Donald Nelson of the War Production Board on the grounds it was too rigid.

FINANCING PLANT

The Senator during the day heard from Senator Bunker of Nevada on account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, Ohio "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

The Senator said that the government's Defense Plants Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., for the Cleveland firm.

Reading a list of 40 corporation officials receiving from \$36,000 to \$390,000 a year, Bunker said "it should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corporation."

The Senator said he had hesitated to publicize this salary list because of possible results upon men in the armed services receiving \$21 monthly and citizens

putting small savings into war bonds and stamps.

He added that he decided to do it because he believes the public and the Senate are entitled to know "how the taxpayers' money is being spent by Washington department officials."

SEEK LIMIT ON PROFITS FROM WAR

One Magnesium Plant
Stands to Make
4250 P. C.

WASHINGTON, April 3 (AP)—A sliding scale system of limiting war profits—ranging from a ceiling of 10 per cent on small contracts down to 2 per cent on the largest—was reported tonight to have tentative approval of a Senate appropriations subcommittee.

SEEK TO CURB PROFITS

Senator Thomas of Oklahoma, author of the proposal, said it was "approved in principle" as the Senate subcommittee increased a pending War Department appropriation measure from \$18,300,000, approved by the House, to more than \$19,000,000.

But Senator McKellar of Tennessee, chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters that the entire subject "is up in the air" until a full committee session tomorrow.

Earlier McKellar had indicated that the group would accept a flexible profit limitation provision giving the Secretary of War, Secretary of Navy, or chairman of the Maritime Commission authority to re-negotiate any contract believed to involve excessive costs or unreasonable profits without any specific percentage limit.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000, and 2 per cent on amounts above \$50,000,000.

Amazing Profiteering Charged

Any profit limitation approved by the full Senate committee would replace a flat six per cent limitation placed in the bill by the House but opposed by Chairman Donald Nelson of the War Production Board on the ground that it was too rigid.

The Senator during the day heard from Senator Bunker of Nevada an account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, Ohio, "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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From NEWS RECORD
NEW YORK CITY

Firm Making 4,280% Profit on Investment, Sen. Bunker Charges

Washington, April 3.—Senator Berkeley L. Bunker, of Nevada, read into the record from the Senate floor today a list of administrative employees of Basic Magnesium, Inc., of Cleveland, Ohio, with salaries up to \$36,000 annually. This corporation, he said, stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of no more than \$50,000.

The Defense Plant Corp. is building a \$63-million-dollar magnesite plant for this firm at Las Vegas, Nev., and loaning the money to pay the salaries listed, Senator Bunker said, while the investment of Basic Magnesium, Inc., consists only of 35 mining claims situated on the public domain and a small amount of development work.

SENATE MAPS RIGID CURB ON WAR PROFITS

Sliding Scale Proposal
Fixes Earnings at From
2 to 10 Per Cent

By The United Press

WASHINGTON, April 4—

A Senate appropriations subcommittee today approved in principle rigid control of corporate earnings on government war contracts, announcing it favors a sliding scale of profit limitations ranging from two per cent on contracts of over 50 million dollars to 10 per cent on contracts below \$100,000.

The committee revealed its program as congressional ire over alleged war profiteering reached high pitch when it was disclosed that one corporation will enjoy for one year a profit of 4,280 per cent for operating a plant built with government funds.

Senator Berkeley Bunker (D., Nev.), charged that Basic Magnesium Inc., Cleveland, O., is "a racketeering industrial corporation" which stands to make that profit for operating a government-built magnesite plant at Las Vegas, Nev. He told the Senate the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

Legislation Drafted

The limitations program—drafted by Senator Elmer Thomas (D., Okla.), was accepted by the committee "in principle" and sent to the legislative drafting service.

Mr. Thomas said the subcommittee agreed on the following scale of profit limitations based on the total contract price:

On contracts up to \$100,000—10 per cent.

From \$100,000 to \$500,000—eight per cent.

From \$500,000 to one million—six per cent.

From one to five million—five per cent.

From five to 20 million—four per cent.

From 20 to 50 million—three per cent.

Over 50 million—three per cent on the portion below 50 million dollars and two per cent on the remainder.

Differs From House Bill

The plan was proposed as a substitute for a flat six per cent limitation written into a House bill. It would apply to both prime and sub-contracts.

Under its terms, the secretaries of War and Navy and the chairman of the Maritime Commission would be instructed to withhold from payments to contractors a sum equal to at least 20 per cent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements, a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

Wind Imperils Defense Plant, Probers Told

Durable and costly materials have gone into the construction of buildings at the 27-million-dollar ordnance plant at Minden, La., but there is some doubt about their ability to withstand a wind storm, a House investigating committee was told yesterday.

As a special House Military Affairs Committee delved further into documented stories of extravagance at Minden—and in one instance directed that notification be made to the Federal Bureau of Investigation—Senator Bunker (Democrat) of Nevada, startled the Senate with what he called an "amazing scandal of war profiteering."

Basic Magnesium, Inc., of Cleveland, declared Bunker, "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

"Losing Washington Battle"

"The people of America are losing the battle of Washington," Bunker declared.

The Cleveland firm, he said, has 45 men who are paid from \$390 to \$36,000 a year from funds advanced by the Government. Defense Plants Corporation, he pointed out, is financing a 63 million dollar magnesite refining plant at Las Vegas, Nev., for Basic Magnesium, Inc.

Data for Bunker's statements were uncovered by the Truman Investigating Committee in the Senate. A committee spokesman said that Bunker had called attention only to the top-salaried men on B. M. I.'s payroll. One hundred and forty more would have been included, if Bunker had chosen to list those men receiving \$150 and \$200 a month.

Not Doing "Spade Work"

B. M. I. it was pointed out, is not performing the actual construction work on the plant at Las Vegas. The "spade work," the spokesman said, is being done by the McNeil Construction Co., of California, while B. M. I. is to receive a \$400,000 fee for engineering the 70-million-dollar project.

Gordon K. Miller, investigator, who Thursday gave the House committee more than a score of examples of excessive construction costs, read into the record yesterday a report from Capt. George N. Klier, assistant Army engineer for the Minden area, which said that "severe complications" might arise at the plant "due to failure of some structures to withstand wind."

Report But No Action

Miller, who found the cost of some of these structures comparable to the cost per cubic foot of the Supreme Court Building, declared: "As far as I know, no action has been taken on that report."

The Minden plant is being constructed—some structures have been completed—by the Silas Mason Co., of New York. The company also holds a cost-plus-fixed-fee contract for loading Army shells at the plant.

Because of the large quantities of explosives being handled there, extraordinary precautions, in design, equipment and even in the clothing of workers, must be taken to guard against explosion caused by sparks generated by static electricity.

Engineers Complains Cited

"Without exception, every safety engineer of the company, the men who will be responsible if anything happens, has complained at the lack of safeguards against electric current," Miller declared.

Miller charged that "tons of steel were wasted" at Minden, and stated that in one ramp, costing \$216,000, "at least" 50 per cent of the material was wasted.

But one story so aroused the committee and its chairman, Representative Thomason (Democrat), of Texas, that H. Ralph Burton, counsel, was directed to send a full report on the case to the FBI and Brig. Gen. Brehon B. Somervell, Army construction chief.

APR 4 1942

'4,280% PROFITS' CITED; SENATORS PLAN RIGID CURBS

Washington, D. C., April 3 (U.P.)—Senator Berkeley Bunker (D-Nev.) charged in the Senate today that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation" which stands to make a profit of 4,280% for operation of a government-built \$63,000,000 magnesite plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, will make a profit of \$2,140,000 in one year on performing certain services in construction of the plant and in operating it at a later date, he said.

Later, a Senate appropriations subcommittee approved in principle rigid control of corporate earnings on government war contracts. It announced it favored a sliding scale of profit limitations ranging from 2% on contracts of over \$50,000,000 to 10% on contracts below \$100,000.

Substitute for Flat 6%.

This was proposed as a substitute for a flat 6% limitation written into the \$18,000,000,000 supplemental war appropriation bill by the House. The newest limitations program was drafted by Senator Elmer Thomas (D-Okla.).

Senator Thomas, said the subcommittee agreed on the following scale of profit limitations based on the total contract price:

On contracts up to \$100,000—10%;

from \$100,000 to \$500,000—8%;

from \$500,000 to \$1,000,000—6%;

from \$1,000,000 to \$5,000,000—5%;

from \$5,000,000 to \$20,000,000—4%;

from \$20,000,000 to \$50,000,000—3%;

over \$50,000,000—3% on the portion below \$50,000,000 and 2% on the remainder.

On the Senate floor today, Bunker released a list showing the salaries that some of the officials of Basic Magnesium, Inc., receive. The project manager was listed as getting \$36,000 a year.

President of the company is Howard Eells.

Officials' Salaries Listed.

A partial list of the officials and their salaries follows: H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, manager of engineering, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley C. Lee, technical adviser, \$12,000; W. R. Battey, director of electric design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, direc-

tor of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

WASHINGTON, April 3 (U.P.)—Senator Bunker of Nevada charged today in the Senate that Basic Magnesium, Inc., of Cleveland, for which the defense plant corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Senator Bunker's request a subcommittee of the special Senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Today Senator Bunker read a list of officials of the company, more than forty of whom, he said, had salaries ranging from \$36,000 a year to \$3,900.

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RENO, Nev., April 3 (U.P.)—Howard P. Eells Jr., president of Basic Magnesium, Inc., declined to comment today on a Senate subcommittee report which termed a lease agreement between the Defense Plant Corporation and the company "profiteering."

The agreement involved magnesite ore for processing into a strategic light metal, magnesium, at a \$63,000,000 plant at Las Vegas, Nev.



Howard Eells
Firm under Senate fire.

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From
TIMES
New York
APR 4 1942

BUNKER SAYS 4,280% IS MAGNESIUM PROFIT

Nevada Senator Makes Speech
on Las Vegas Plant

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ENORMOUS WAR PROFITS CHARGED

By Associated Press.

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Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the Senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical adviser, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 a month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

More Pay Than MacArthur
"But in keeping with my statement previously made on the floor, I believe the Senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc."

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

Profits: On \$50,000 Outlay Magnesium Firm Stands to Make \$2,140,000 in Year

WASHINGTON, April 3 (AP)—Senator Bunker (D., Nev.) charged today on the Senate floor that Basic Magnesium, Inc., of Cleveland, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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APR. 4, 1942
OMAHA, NEB. MORNING WORLD

Profit Limit Plan Is Near for War Jobs

Senate Group Asserts Formula Is Readied for Action Monday

Washington, D. C., April 3 (AP)—A senate group was reported near agreement today on a flexible formula to limit war contract profits.

Chairman McKellar (dem., Tenn.) of the senate appropriations subcommittee, considering the \$18,300,000,000 supplemental war department appropriation already passed by the house, told reporters a profit limit formula would be ready, as a part of the bill, for senate action Monday.

It would replace a 6 per cent limitation approved by the house but opposed by Chairman Donald Nelson of the war production board as too rigid.

Can Negotiate Contracts

McKellar said the substitute would grant authority to the secretary of war, secretary of navy, or chairman of the maritime commission to renegotiate any war contract when they suspected unreasonable profits or extortionate costs.

The senators during the day heard from Senator Bunker (dem., Nev.) an account of what he called an "amazing scandal of war profiteering." He declared Basic Magnesium, Inc., of Cleveland, O., "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than 50 thousand dollars."

The senator said the govern-

technical advisor, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

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"But in keeping with my statement previously made on the floor, I believe the Senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

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OFFICIAL FIGURES

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Reads Salary List

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of possible results upon men in the armed services receiving \$21 monthly and citizens putting small savings into war bonds and stamps.

He added he decided to do it because he believed the public and the senate were entitled to know "how the taxpayers' money is being spent by Washington department officials."

SANTA BARBARA, CALIF., NEWS PRESS MORNING EDITION, APRIL 4, 1942

4280 Per Cent War Job Profit Reported

WASHINGTON, April 3. (INS) The senate was told Friday that a Las Vegas, Nev., mining firm will realize a profit of 4,280 per cent, or \$2,140,000 a year, on a war contract with the Defense Plant Corporation.

Senator Bunker (D-Nev.) made the disclosure, charging that one out of every four employees of the mining concern, Basic Magnesium, Inc., is receiving a salary of from \$9,000 to \$36,000 a year.

"It should be noted," said Bunker, "that the salaries of these officials are being paid out of the taxpayers' money advanced to the firm by the Defense Plants corporation."

"In view of the figures submitted, it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

SLIDING PROFITS PLAN CONSIDERED

10 to 2 Per Cent Limit Proposed in Senate Group

WASHINGTON, April 3.—(AP)—A sliding scale system of limiting war profits—ranging from a ceiling of 10 per cent on small contracts down to 2 per cent on the largest—was reported tonight to have tentative approval of a Senate appropriations subcommittee.

Senator Thomas (Democrat), Oklahoma, author of the proposal, said it was "approved in principle" as the Senate subcommittee increased a pending War Department appropriation measure from \$18,300,000,000, approved by the House, to more than \$19,000,000,000.

McKELLAR DISAGREES

But Senator McKellar (Democrat), Tennessee, chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters that the entire subject "is up in the air" until a full committee session tomorrow.

Earlier McKellar had indicated that the group would accept a flexible profit limitation provision giving the Secretary of War, Secretary of Navy, or chairman of the Maritime Commission authority to renegotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

PROPOSED SCALE

Thomas said this power would be included in the new profit limit provision along with this graduated scale: A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000, and 2 per cent on amounts above \$50,000,000.

Officials would be authorized to withhold 20 per cent of payment due on war contracts until a certificate was filed showing that contractors had complied with the limitations, Thomas said.

"Contracts could be rene-

gated upwards as well as down," he said. "If a bidder showed that he had honestly lost money, then he could be paid up to actual costs, or possibly even a profit. We will have to work out a lot of these details."

Any profit limitation approved by the full Senate committee would replace a flat 6 per cent limitation placed in the bill by the House, but opposed by Chairman Donald Nelson of the War Production Board on the grounds it was too rigid.

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U. S. FINANCES PLANT

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The Senator said he had hesitated to publicize this salary list because of possible results upon men in the armed services receiving \$21 monthly and citizens putting small savings into war bonds and stamps.

Solon Says Magnesium Firm Will Profit 4,280 Per Cent

WASHINGTON, April 4.—(AP)—Senator Berkeley Bunker, Democrat of Nevada, charged in the senate that Basic Magnesium, Inc., of Cleveland is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for the operation of a government built magnesium plant in Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said yesterday, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

Bunker released a list showing the salaries of some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Bunker quoted from a report issued yesterday by the senate committee investigating the war program which characterized the terms of the Basic Magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

A partial list of the officials and their salaries follows:
H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant

project manager, \$20,000; W. F. Way, project manager, construction, \$17,500; G. B. Kaufman, manager of engineering, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley C. Lee, technical adviser, \$12,000; W. R. Battey, director electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000; C. A. Warne, controller, \$10,000.

RENO, NEV., GAZETTE
APRIL 4, 1942

Senator Bunker's political stock has risen this last week as the result of the report of the Truman subcommittee of the magnesium situation in Nevada, a report which was sharply critical of Basic Magnesium and the Defense Plant corporation.

The junior senator and Howard Eells, Jr., president of Basic Magnesium, have been at odds for some time, friction having arisen over the housing situation in Clark county. Senator Bunker did not favor the creation of a separate townsite at the plant, a move which Eells desired.

The junior senator took the first step toward investigation of Basic Magnesium when he took paid advertising space in a Las Vegas newspaper to criticize the magnesium concern. Later, he requested the committee headed by Senator Truman to make an investigation and a subcommittee held hearings in Las Vegas late in March. Principal witness for the magnesium concern was President Eells, who related the financial arrangements between the Defense Plant corporation and his own concern.

General comment throughout the state last week, as reflected in the newspapers, was to the effect that the inquiry at Las Vegas had failed to bear out Senator Bunker's contention. The report of the subcommittee as made public in Washington, however, places the junior senator in a better position and should Basic Magnesium be forced to modify its contract or to surrender it, upon the basis of further investigation by the senate committee, Senator Bunker may be in a strong campaign position in some sections of the state, as he will then be possessed of an issue and record separate from the national policy and on which he can make an appeal.

It is now apparent that the junior senator has been receiving advice from older friends in Washington, and his attack upon Basic Magnesium could conceivably have been with the knowledge that the senate committee had already found the contract between the Defense Plant corporation and Basic Magnesium a vulnerable one.

As this campaign year advances, it is increasingly evident that Senator Bunker will be a formidable candidate for the democratic nomination and if Congressman Scrugham does not run for the senate post, there may be but little chance that any other Democrat could defeat Bunker.

Republicans in the state, after a survey of the northern tier of counties, have been encouraged by an obvious lack of enthusiasm for the junior senator in Democratic ranks there.

Just what the reaction to the situation will be in Clark county, the site of the Eells-Bunker controversy is a question. The fact remains that the friction started over the lack of housing facilities near the magnesium plant and the Truman report, for all it has revealed concerning contracts, has apparently not made any headway in solving the housing problem, and it is the housing problem that vitally effects the majority of the new Clark county voters.

Regardless of the controversies in which Senator Bunker is involved with the magnesium company, combined with his announced intentions of purging Robert L. Douglass as internal revenue collector and Frank Middleton as marshal, the principal figure in the Nevada political picture remains Rep. James G. Scrugham. The Nevada congressman arrived in Nevada this week and will probably remain for several days as the house has taken a recess until April 20, and friends feel confident he will announce his candidacy for the United States senate before returning to Washington. Such an announcement will be the signal for several candidates to declare their intentions of seeking the representative place, the first of which is expected to be Maurice Sullivan, lieutenant governor, while others are expected to follow in rapid order.

Bunker Bares Magnesium Plant Salaries

Says Concern Stands
To Make Profit
Of 4280 Per Cent

WASHINGTON, April 3 (AP)—Senator Bunker (D.), Nevada, charged Friday on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and Thursday filed with the senate a report which termed a lease agreement between the Defense Plant corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating Friday, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical adviser, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warner, controller, \$10,000.

Fears Reaction
"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country."

"The figures I present are official, and do not take into consideration any raise in pay which I understand has already been effected in some instances."

Advanced Funds

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant corporation."

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

"It is my humble and studied opinion that the members of this special committee investigating the national defense program are performing one of the greatest services to America that has been performed by any group who sit in the United States senate."

RENO, Nev., April 3 (AP)—Howard P. Eells Jr., president of Basic Magnesium, Inc., of Cleveland, declined comment Friday on a senate subcommittee report which termed a lease agreement between the Defense Plant corporation and B M I, "one of the most flagrant attempts at war profiteering."

The agreement involved magnesite ore to be leased to the government for processing into a strategic light metal, magnesium, at a \$63,000,000 plant at Las Vegas, Nev.

Further Hearings

The senate subcommittee, which said in Washington that it would conduct further hearings, recommended Thursday that the Defense Plant corporation refuse to accept "any such exorbitant royalty terms" as proposed by B M I for the magnesite ore deposits.

Eells intimated that a complete and thorough investigation of B M I's dealings with the Defense Plant corporation would be made and that until all testimony has been taken, there is nothing to talk about.

When he stopped here en route from B M I's Nevada properties to Cleveland, Eells said: "I'll let the people I'm working for do the talking."

Although declining comment on the senate subcommittee report, the Cleveland industrialist expressed complete satisfaction with progress made both at Las Vegas and at the magnesite deposits in Nye county where a concentration plant is nearing completion.

"We expect to be in limited production by June 15," he said.

"The first units of the concentrating plant will be in readiness by that time and the initial unit of the refining plant at Las Vegas will be ready to handle the magnesium oxide and carbonates to be shipped from the plant at the magnesite deposits."

Senator Charges 'Industrial Racketeering' at Nevada Defense Plant

LOS ANGELES, CALIF. TIMES
ON 219,990, Sun. Cir. 407,429
APRIL 4, 1942

Rigid Profit Curb Favored

Senate Group Proposes
2 to 10 Per Cent Scale
on War Contracts

WASHINGTON, April 3 (U.P.)

A Senate appropriations subcommittee tonight approved in principle rigid control of corporate earnings on government war contracts, announcing it favors a sliding scale of profit limitations ranging from 2 per cent on contracts of more than \$50,000,000 to 10 per cent on contracts of less than \$100,000.

The limitations program, drafted by Senator Thomas (D.) Okla., was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals advanced by other members of the deficiency subcommittee which is considering the \$18,000,000,000 House-approved supplemental war appropriation.

SCALE AGREED ON

Thomas told reporters the subcommittee agreed on the following scale of profit limitations based on the total contract price:

On contracts up to \$100,000—10 per cent.

From \$100,000 to \$500,000—8 per cent.

From \$500,000 to \$1,000,000—6 per cent.

From \$1,000,000 to \$5,000,000—5 per cent.

From \$5,000,000 to \$20,000,000—4 per cent.

From \$20,000,000 to \$50,000,000—3 per cent.

Over \$50,000,000—3 per cent on the portion below \$50,000,000 and 2 per cent on the remainder.

The plan was proposed as a substitute for a flat 6 per cent limitation written into the bill by the House.

WITHHOLDING PAYMENTS

Under its terms, the Secretaries of War and Navy and the chairman of the Maritime Commission would be instructed to withhold from payments to contractors a sum equal to at least

20 per cent of the total contract value until there had been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

The Thomas proposal and another, somewhat similar, drafted by Senators Overton (D.) La., and O'Mahoney (D.) Wyo., would instruct the contract awarding authorities in making final settlement, to refuse to allow unreasonable salary or bonus payments, or accumulation of excessive reserves as a part of cost.

INCREASES FAVORED

The subcommittee tentatively approved increases in the appropriation measure which, if finally accepted, will carry the bill well over the \$19,000,000,000 mark. The measure carries funds for 31,070 additional Army warplanes and maintenance of an Army of 3,600,000 men.

The committee disclosed its program as Congressional ire over alleged war profiteering reached high pitch when it was disclosed that one corporation will enjoy for one year a profit of 4280 per cent for operating a plant built with government funds.

Senator Bunker (D.) Nev., charged that Basic Magnesium, Inc., Cleveland, O., is "a racketeering industrial corporation," which stands to make that profit for operating a government-built magnesium plant at Las Vegas, Nev. He told the Senate the company has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

Excessive Rental on Truck Charged

WASHINGTON, April 3 (U.P.)—Gordon K. Miller, investigator for a House military affairs subcommittee, today told the group the government was charged \$9361 on rentals for a truck used on the Minden (La.) ordnance plant project, although the same truck had been sold for only \$4500 some time before. He cited the rental as one of "numerous instances of overvaluation of rental property" used at the Minden project, which he said was being built by the Silas Mason Co. of New York.

PR. 4, 1942
REMONT NEWS GUIDE

Limit on War Profits Gets Group Okay

WASHINGTON (AP)—A sliding scale system of limiting war profits—ranging from a ceiling of 10 per cent on small contracts to 2 per cent on the largest—was reported last night to have tentative approval of a senate appropriations subcommittee.

Senator Thomas (D-Okla.), author of the proposal, said it was "approved in principle" as the senate subcommittee increased a pending war department appropriation measure from \$18,300,000,000 approved by the house, to more than \$19,000,000,000.

But Senator McKellar (D-Tenn.), chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters the entire subject was "up in the air" until a full committee session today.

Earlier McKellar had indicated the group would accept a flexible profit limitation provision giving the secretary of war, secretary of navy, or chairman of the maritime commission authority to re-negotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

Any profit limitation approved by the full senate committee would replace a flat 6 per cent limitation placed in the bill by the house but opposed by Chairman Donald Nelson of the war production board on the grounds it was too rigid.

The senate during the day heard from Senator Bunker (D-Nev.) an account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, Ohio, "stands to make a profit of 4280 per cent or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

The senator said the government's defense plants (caps D and P) corporation was financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., for the Cleveland firm.

Reading a list of 40 corporation officials receiving from \$36,000 to \$3,900 a year, Bunker said "it should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the defense plant corporation."

Sliding Profit Scale Favored

Solons Draft Range
Of 2 to 10 Per Cent

WASHINGTON (AP)—A sliding scale system of limiting war profits—ranging from a ceiling of 10 per cent on small contracts down to 2 per cent on the largest—was reported Friday night to have tentative approval of a Senate appropriations subcommittee.

Senator Thomas (D., Okla.), author of the proposal, said it was "approved in principle" as the Senate subcommittee increased a pending War department appropriation measure from \$18,300,000,000, approved by the House, to more than nineteen billion dollars.

But Senator McKellar (D., Tenn.), chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters the entire subject "is up in the air" until a full committee session today.

Officials would be authorized to withhold 20 per cent of payment due on war contracts until a certificate was filed showing contractors had complied with the limitations, Thomas said.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent to \$1,000,000; 5 per cent to \$5,000,000; 4 per cent to \$20,000,000; 3 per cent to \$50,000,000, and 2 per cent on amounts above that.

"Contracts should be re-negotiated upwards as well as down," he said. "If a bidder showed he honestly lost money, then he could be paid up to actual costs, or possibly even a profit. We will have to work out a lot of these details."

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Magnesium Firm to Get Huge Profit

Bunker Assails High
Salaries of Officers
At Las Vegas

WASHINGTON (U.P.)—Sen. Berkeley Bunker, (D., Nev.), charged in the senate Friday that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4280 per cent" for operation of a government-built magnesium plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, he said, will make a profit of \$2,140,000 in one year in performing certain services in construction of the plant and in operating it later.

High Salaries Shown

Bunker released a list showing the salaries that some of the officials of the corporation receive for their work on the project. The project manager was listed as receiving \$36,000 a year.

Bunker quoted from a report issued Thursday by the senate committee investigating the war program which characterized the terms of the basic magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

Commenting on the list of salaries of officers, Bunker said it is "official" but does not take into account any pay raises which may have been effected recently.

"In view of the figures submitted it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries," he said.

Fears Reaction

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," he said.

"But in keeping with my statement previously made on the floor, I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen Douglas MacArthur, who has literally offered his life for his country."

A partial list of the officials and their salaries follows:

Name	Position	Salary
H. C. Mann	Project manager	\$36,000
D. W. Stewart	Asst. project mgr.	\$20,000
W. F. Way	Project mgr., construction	\$17,500
G. B. Kaufman	Mgr. engineering	\$17,000

testimony of the fur of the Japanese air raid of December 13, the picture is among the first to arrive in the United States from the hostilities in the Pacific. It came via Australia. (A. P. Photo)

Rank Bit Of Profiteering Made Public By Senator

Magnesium Company Would Make \$2,140,000 In Year On \$50,000 Investment

WASHINGTON, (AP).—Senator Bunker (D-Nev.) charged today on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the defense plant corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special senate committee which is investigating the national defense program conducted hearings at Las Vegas in March and yesterday filed with the senate a report which termed a lease agreement between the defense plant corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Elaborating today, Bunker read a list of salaries of officials of the company, and added that later in an address to the senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$3,900.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufmann, manager engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000.

Bunker said that 14 officials "are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

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BRAWLEY CAL. NEWS
APRIL 4, 1942

Magnesium Racket Charged by Bunker

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"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, by the defense plant corporation.

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

APR. 4, 1942
MINOT N. D. NEWS

4,280 PER CENT PROFIT CHARGED

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\$3,900 To \$36,000 Salaries
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"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, by the Defense Plant Corporation.

"In view of these figures it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

APR. 4, 1942
GRAND FORKS, N. D. MOR. HER.

War Profits Curb Gets First O. K.

WASHINGTON — (U.P.) — A sliding scale system of limiting war profits — ranging from a ceiling of 10 per cent on small contracts down to 2 per cent on the largest — was reported Friday night to have tentative approval of a senate appropriations subcommittee.

Senator Thomas (D-Okla.), author of the proposal, said it was "approved in principle" as the senate subcommittee increased a pending war department appropriation measure from \$18,300,000,000, approved by the house, to more than \$19,000,000,000.

TO DECIDE TODAY.

But Senator McKellar (D-Tenn.), chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters that the entire subject "is up in the air" until a full committee session Saturday.

Earlier McKellar had indicated that the group would accept a flexible profit limitation provision giving the secretary of war, secretary of navy, or chairman of the maritime commission authority to re-negotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

SET SLIDING SCALE.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: a 10 per cent profit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000; and 2 per cent on amounts above \$50,000,000.

Officials would be authorized to withhold 20 per cent of payment due on war contracts until a certificate was filed showing that contractors had complied with the limitations, Thomas said.

REPLACE FLAT LIMITATION.

"Contracts could be re-negotiated upwards as well as down," he said. "If a bidder showed that he had honestly lost money, then he could be paid the actual costs, or possibly even a profit. We will have to work out a lot of these details."

Any profit limitation approved by the full senate committee would replace a flat 6 per cent limitation placed in the bill by the house but opposed by Chairman Donald Nelson of the war production board on the grounds it was too rigid.

CHARGES 'SCANDAL.'

The senate during the day heard from Senator Bunker (D-Nev.) an account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, Ohio, "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

The senator said that the government's Defense Plants Inc. was financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., for the Cleveland firm.

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NEW YORK, N. Y. NEWS
CH. 1,570,570. Sunday 3,363,485
APRIL 4, 1942

BLASTS 'RACKET' FIRM FOR 4,280% PROFIT ON WAR

Washington, D. C., April 3 (U.P.)—Senator Berkeley Bunker (D-Nev.) charged in the Senate today that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280%" for operation of a government-built \$63,000,000 magnesium plant at Las Vegas, Nev.

The corporation, which has an "admitted investment" of \$50,000, will make a profit of \$2,140,000 in one year on performing certain

the salaries that some of the officials of the corporation receive. The project manager was listed as receiving \$36,000 a year.

He quoted from a report issued yesterday by the Senate committee investigating the war program which characterized the terms of

(Continued on page 6, col. 3)

Blasts 'Racket Firm' For '4,280% War Profit'

(Continued from page 2)

the basic magnesium lease as "one of the most flagrant attempts at war profiteering to come to its (the committee's) notice."

Commenting on the list of salaried officers, Bunker said:

"In view of the figures submitted, it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

Says He Fears Reaction.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps."

"But I believe the Senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

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A partial list of the officials and their salaries follows: H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager,



Howard Eells
Firm under Senate fire.

\$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, manager of engineering, \$17,000; W. W. Patnoe, chief engineer, \$13,800; Harley C. Lee, technical adviser, \$12,000; W. R. Batten, director of electric design, \$10,400; W. B. Dyer, chief engineer, \$10,104; R. C. Kelley, director of purchases, \$10,000, and C. A. Warne, controller, \$10,000.

DULUTH (MINN.) NEWS-TRIBUNE
SATURDAY, APRIL 4, 1942

Huge War Profit Is Charged

WASHINGTON — (U.P.) — Senator Bunker, Democrat, Nevada, charged yesterday on the senate floor that Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corp. is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

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NEW YORK, N. Y. MIRROR
Cir. 768,376. Sun. Cir. 1,467,386
APRIL 4, 1942

Senate Group OK's 2 to 10 p.c. Profit

WASHINGTON, April 3 (U.P.)—A Senate Appropriations subcommittee tonight approved in principle rigid control of corporate earnings on Government war contracts, announcing it favors a sliding scale of profit limitations ranging from two per cent on contracts of over \$50,000,000 to 10 per cent on contracts below \$100,000.

The committee revealed its program as congressional ire over alleged war profiteering reached high pitch when it was disclosed that one corporation will enjoy a one-year profit of 4,280 per cent for operating a plant built with Government funds.

Sen. Bunker (D-Nev.) charged that Basic Magnesium Inc. of Cleveland is "a racketeering industrial corporation" which stands to make that profit for operating a Government-built magnesium plant at Las Vegas, Nev. He told the Senate the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

Drafted by Thomas

The limitations program—drafted by Sen. Thomas (D-Okla.)—was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals advanced by other members of the deficiency subcommittee which is considering the \$18,000,000,000 House-approved supplemental war appropriation.

Thomas said the subcommittee agreed on the following scale of profit limitations based on the total contract price:

- On contracts up to \$100,000—10 per cent.
- From \$100,000 to \$500,000—3 per cent.
- From \$500,000 to \$1,000,000—1 per cent.
- From \$1,000,000 to \$5,000,000—1 per cent.
- From \$5,000,000 to \$20,000,000—4 per cent.

From \$20,000,000 to \$50,000,000—3 per cent.

Over \$50,000,000—3 per cent on the portion below \$50,000,000 and 2 per cent on the remainder.

The plan was proposed as a substitute for a flat 6 per cent limitation written into the bill by the House. It would apply to both prime contracts and subcontracts.

Under the Thomas proposal, the Secretaries of War and Navy and the chairman of the Maritime Commission would be instructed to withhold from payments to contractors a sum equal to at least 20 per cent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements, a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

The Thomas proposal and another, somewhat similar, drafted by Sens. Overton (D-La.) and O'Mahoney (D-Wyo.), would instruct the contract-awarding authorities, in making final settlements, to refuse to allow unreasonable salary or bonus payments, or accumulation of excessive reserves as a part of cost.

Saturday, April 4, 1942

4,280 PCT. WAR JOB PROFIT TOLD SENATE

WASHINGTON—(INS)—The senate Friday was told a Las Vegas, Nev., mining firm will realize a profit of 4,280 per cent, or \$2,140,000 a year on a war contract with the defense plant corporation.

Senator Bunker (D., Nev.) made the disclosure, charging one out of every four employes of the mining concern, Basic Magnesium, Inc., is receiving a salary of from \$9,000 to \$36,000 a year.

At Reno, Nev., Howard P. Eells, Jr., president of Basic Magnesium, Inc., declined comment on the report.

(Continued from Page 1)

scale of profit limitations based on the total contract price:

- On contracts up to \$100,000—19 per cent.
- From \$100,000 to \$300,000—8 per cent.
- From \$300,000 to \$1,000,000—6 per cent.
- From \$1,000,000 to \$5,000,000—5 per cent.
- From \$5,000,000 to \$20,000,000—4 per cent.
- From \$20,000,000 to \$50,000,000—3 per cent.
- Over \$50,000,000—3 per cent on the portion below \$50,000,000 and 2 per cent on the remainder.

Substitute Plan

The plan was proposed as a substitute for a flat 6 per cent limitation written into the bill by the House. It would apply to both prime and subcontracts.

Under its terms, the Secretaries of War and Navy and the Chairman of the Maritime Commission would be instructed to withhold from payments to contractors a sum equal to at least 20 per cent of the total contract value until these has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements, a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

The Thomas proposal and another, somewhat similar, drafted by Sens. John H. Overton (D., La.), and Joseph C. O'Mahoney (D., Wyo.), would instruct the contract awarding authorities, in making final settlements, to refuse to allow unreasonable salary or bonus payments, or accumulation of excessive reserves as a part of cost.

SANTA ROSA, CAL. PRESS DEMOCRAT Cir. 8,941 APRIL 4, 1942

War Profits Curb Drafted By Senators

Strict Control Planned Over Any Earnings on Defense Contracts

WASHINGTON, April 3 (UP)—A senate appropriations subcommittee tonight approved in principle rigid control of corporate earnings on government war contracts, announcing it favors a sliding scale of profit limitations ranging from two per cent on contracts of over \$50,000,000 to 10 per cent on contracts below \$100,000.

The committee revealed its program as congressional ire over alleged war profiteering reached high pitch when it was disclosed that one corporation will enjoy for one year a profit of 4,280 per cent for operating a plant built with government funds.

Sen. Berkeley Bunker (D., Nev.), charged that Basic Magnesium, Inc., Cleveland, O., is a "racketeering industrial corporation" which stands to make that profit for operating a government-built magnesium plant at Las Vegas, Nev. He told the senate the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

The limitations program, drafted by Senator Elmer Thomas (D., Okla.), was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals ad-

(Continued on Page 3, Column 3)

Eells intimated a complete investigation of BMI's dealings with the Defense Plant Corp. would be made and that until all testimony has been taken, there is nothing to talk about.

"It should be noted," said Bunker, "that the salaries of these officials are being paid out of the taxpayers' money advanced to the firm by the Defense Plants Corporation."

"In view of the figures submitted, it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

PROFITABLE TRUCK

At the same time, the house military affairs committee was told an official of a construction company working on a war project bought a truck for \$4,500 and rented it through his wife to the government for \$9,361.

The story was unfolded as the committee investigated the building of the \$27,000,000 shell loading plant at Minden, La.

This truck, Gordon K. Miller, committee investigator, said, was listed on the company books as owned by Amanda Elliott, Brooklyn. It had been rented, he declared, by Arthur J. Cote, superintendent of transportation for the contractor.

ADDRESSES ALIKE

"I discovered Cote's address in Brooklyn was the same as the asserted owner," Miller told the committee. "I further discovered the truck had been purchased by Cote for \$4,500 and is owned by him and that Amanda Elliott is his wife."

vanced by other members of the deficiency subcommittee which is considering the \$18,000,000,000 house-approved supplemental war appropriation.

Thomas told reporters the subcommittee agreed on the following scale of profit limitations based on the total contract price:

- On contracts up to \$100,000—10 per cent.
- From \$100,000 to \$500,000—eight per cent.
- From \$500,000 to \$1,000,000—six per cent.
- From \$1,000,000 to \$5,000,000—five per cent.
- From \$5,000,000 to \$20,000,000—four per cent.
- From \$20,000,000 to \$50,000,000—three per cent.
- Over \$50,000,000—three per cent on the portion below \$50,000,000 and two per cent on the remainder.

The plan was proposed as a substitute for a flat six per cent limitation written into the bill by the house. It would apply to both prime and subcontracts.

Under its terms, the secretaries of war and navy and the chairman of the maritime commission would be instructed to withhold from the payments to contractors a sum equal to at least 20 per cent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

Clas. 46.8

WASHINGTON—Senator Berkeley Bunker (D., Nev.) charged in the Senate that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operation of a Government-built magnesium plant at Las Vegas, Nev.

THE CLIPPING CO. 524 E. Mason St., Milwaukee, Wis. Milwaukee Sentinel Milwaukee, Wis.

APR 4 - 1942 468

War Contracts To Net Profit Of 4,280 Pct.

U. S.-Financed Mine Firm Is Accused by Senator

WASHINGTON, April 3—(Special)—Disclosure that a Nevada mining firm will make a 4,280 per cent profit on a \$50,000 investment in war contracts, and a total of \$2,140,000 a year at the expense of American taxpayers, stirred the ire of congress tonight and prompted a thorough investigation.

To an amazed senate committee investigating the war program, Sen. Bunker (D) of Nevada unfolded the story of how the government financed Basic Magnesium, Inc., of Las Vegas, Nev., is paying one out of every four of its employes a salary ranging between \$9,000 and \$36,000 a year.

'MOST FLAGRANT CASE'

This firm was financed with an unsecured \$63,000,000 loan from the Defense Plant corp. and is engaged in producing magnesium, vital commodity necessary to the military program, Bunker said.

Branding this loan as "one of the most flagrant of war profiteering attempts," Bunker told the committee that Basic Magnesium will realize a profit of 4,280 per cent, or \$2,140,000 a year on its contract. Bunker said:

"It should be noted that salaries of these officials are being paid out of the taxpayers' money advanced to the firm by the Defense Plant corp. "It leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

PROGRESS SLOW

Basic-Magnesium, Inc., is a merger of two American and a British company. The latter owned license rights to a magnesium mining process obtained from Nazi controlled I. G. Farbenindustrie.

The firm promised to produce 112,000,000 pounds of magnesium ore annually, but in the words of

the committee "there has been only miserable progress."

Chairman Harry S. Truman of Missouri, of the special senate committee investigating national defense production, announced the full committee would go thoroughly into the loose manner in which this magnesium deal was arranged to give Basic Magnesium, Inc., a profit of \$2,140,000 a year.

Senate Committee Tentatively Okays Profit Limitation

WASHINGTON, April 3.—(AP)—A sliding scale system of limiting war profits—ranging from a ceiling of 10 per cent on small contracts down to 2 per cent on the largest—was reported tonight to have tentative approval of a Senate Appropriations Subcommittee.

Senator Thomas, Democrat, Oklahoma, author of the proposal, said it was "approved in principle" as the senate subcommittee increased a pending War Department appropriation measure from \$18,300,000,000, approved by the house, to more than \$19,000,000,000.

But Senator McKellar, Democrat, Tennessee, chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters that the entire subject "is up in the air" until a full committee session tomorrow.

Graduated Scale.

Earlier, McKellar had indicated that the group would accept a flexible profit limitation provision giving the secretary of war, secretary of Navy, or chairman of the maritime commission authority to renegotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000; and 2 per cent on amounts above \$50,000,000.

Officials would be authorized to withhold 20 per cent of payment due on war contracts until a certificate was filed showing that contractors had complied with the limitations, Thomas said.

Renegotiation Proviso.

"Contracts could be renegotiated upwards as well as down," he said. "If a bidder showed that he had honestly lost money, then he could be paid up to actual costs, or possibly even a profit. We will have to work out a lot of these details."

Any profit limitation approved by the full senate committee would replace a flat 6 per cent limitation placed in the bill by the house but opposed by Chairman Donald Nelson of the War Production Board on the grounds it was too rigid.

The senate during the day heard from Senator Bunker, Democrat, Nevada, an account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, Ohio, "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

Government Financed.

The senator said that the government's Defense Plants Corporation was financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., for the Cleveland firm.

Reading a list of 40 corporation officials receiving from \$36,000 to \$3,900 a year, Bunker said "it should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corporation."

The senator said he had hesitated to publicize this salary list because of possible results upon men in the armed services receiving \$21 monthly and citizens putting small savings into war bonds and stamps.

He added that he decided to do it because he believed the public and the senate were entitled to know "how the taxpayers' money is being spent by Washington department officials."

PAYMENTS DUE

According to a report by H. G. Robinson, investigator for the Truman committee, under the contract with Basic Magnesium, the government is obligated to make these payments to the concern:

- \$280,000 a year in royalties on an investment of \$50,000 and a patent the mining corporation does not own; if the firm is not permitted to operate the plant, the royalties are to be doubled to \$560,000 a year.
- \$560,000 a year over a period of 30 years for operation of the plant.
- A \$300,000 fee plus cost for construction and engineering services in which the mining firm, it was said, has had no experience.
- \$1,000,000 if the contract is dissolved by the government.

In bringing the matter to the attention of the senate committee this afternoon, Sen. Bunker read into the record a list of what he described as "extortionate salaries paid out of taxpayers' money to officials of a racketeering industrial corporation which stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000." He said:

"It is interesting to note the vast difference in the 4,280 per cent of profit to be gained by this corporation and the 6 per cent profit voted by the house of representatives in war industries."

FEARS REACTION

Returning to the "extortionate salaries" list of 42 persons receiving from \$3,900 to \$36,000 a year (12 of \$10,000 to \$36,000, nine between \$7,000 and \$9,600; 12 between \$6,000 and \$6,500, and nine from \$3,900 to \$5,720), Bunker continued:

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men in training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children putting their dollars, dimes and pennies into war bonds and stamps."

"But I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials."

The matter relating to Basic Magnesium, Inc., quoted by Sen. Bunker from the Truman committee's report, said:

"The subcommittee has not completed its investigation of the BMI plant at Las Vegas, further hearings being planned in Washington, and is not ready to submit final recommendations." The facts disclosed at Las Vegas created the impression that DPC (Defense Plant Corp.) is paying tremendous fees for 'know how' which so far has delivered miserable progress, the metal producing units being only 9 per cent complete although the contract was signed Aug. 13, 1941.

"The subcommittee is prepared now to urge most strongly that DPC refuse to accept any such extortionate royalty terms as proposed by BMI, and those associated with it, for the brute ore deposits which it proposes to lease to the government for operation of this plant."

Senate Group Approves War Profit Limits Control Of Corporate Earnings Favored By Subcommittee

WASHINGTON, April 3. (U.P.)—A Senate Appropriations Subcommittee tonight approved in principle rigid control of corporate earnings on government war contracts, announcing it favors a sliding scale of profit limitations ranging from 2 per cent on contracts of over \$50,000,000 to 10 per cent on contracts below \$100,000.

The committee revealed its program as congressional ire over alleged war profiteering reached high pitch when it was disclosed that one corporation will enjoy for one year a profit of 4,280 per cent for operating a plant built with government funds.

Sen. Berkeley Bunker (D., Nev.), charged that Basic Magnesium, Inc., Cleveland, O., is a "racketeering industrial corporation" which stands to make that profit for operating a government-built magnesium plant at Las Vegas, Nev. He told the Senate the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

Limitations Program

The limitations program—drafted by Sen. Elmer Thomas (D., Okla.), was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals advanced by other members of the deficiency subcommittee which is considering the \$18,000,000,000 House approved supplemental war appropriation.

Thomas told reporters the subcommittee agreed on the following

(Turn to Page 2, Col. 1)

PRICES FROZEN ON 44 HOUSEHOLD ELECTRICAL APPLIANCES BY OPA

(BY UNITED PRESS)

The office of price administration has issued an order freezing the prices of 44 household electrical appliances — from percolators to pants-pressers — at the levels of March 30.

And the senate appropriations committee has come out in favor of rigid control over corporate profits on government contracts. It favors a sliding scale of profit limitations, varying from two per

cent on contracts of more than \$50,000,000, to ten per cent on contracts of less than \$100,000.

This was revealed as congressmen expressed indignation over charges of war profiteering. Sen-

APR. 4, 1942
BURLINGTON, IA. HAWK-EY

Washington Merry-Go-Round . . . By DREW PEARSON and ROBT. S. ALLEN

ANSWERS JONES

Robert S. Allen, one of the Merry-Go-Round authors, answering the telegram printed in this column Thursday, wherein Jesse Jones challenged statements concerning him in a previous article, has written the following:

"Mr. Jones' statement that the president did not inform him he would have to relinquish his control over loans to small business is patently disproved by the fact that President Roosevelt last week issued the order stripping Jones of this authority. The announcement was publicly made at the white house. Regarding the exchange of words between Jones and Sidney Weinberg, this information came from an official who participated in the conference. My informant holds an important position in the war agencies and I know him from long experience to be a man of complete reliability and integrity with no axe to grind.

"The Merry-Go-Round has at no time made any statement with the purpose of injuring Mr. Jones. We are interested solely in reporting the facts. It is not our fault if the facts in handling the rubber situation reflect upon Mr. Jones' good judgment. Everything we printed exclusively about his handling of this situation has been confirmed by officials and congressional committees. As recently as May, 1941, Mr. Jones publicly reported that 'We have rubber enough to run us at least one and one-half years if we were cut off tomorrow from a supply of natural rubber.' This is not innuendo. It is a plain statement of fact typical of the column.

"In a formal report today, the senate committee investigating the war program described an agreement between Jesse Jones' defense plant corporation and Basic Magnesium, Inc., a private firm, as 'one of the most flagrant attempts at war profiteering' to come to its notice. The company, the committee said, is asking a royalty of \$1 a ton on ore, which would mean an annual return of \$250,000 on a total investment of not over \$50,000."

ROBERT S. ALLEN.

ator Bunker of Nevada declared that Basic Magnesium, Inc., which has contracted to operate a magnesium plant built with government funds at Las Vegas, Nev., is what he termed a "racketeering industrial corporation." Its profit in one year, he said, will be 400,280 per cent.

The freezing order on electrical household appliances was issued shortly after OPA officials disclosed that plans to stabilize the cost of living through general price controls are under consideration.

A new note was injected into the controversy over labor legislation by Senator La Follette of Wisconsin. He introduced a bill designed to protect labor against "oppressive practices." It provides drastic penalties on interference with organization and collective bargaining rights.

Activities of the Standard Oil company of New Jersey still are in the spotlight before the senate defense investigating committee. Assistant Secretary of State Berle said today that the company refused to stop selling gasoline to axis-controlled airlines in South America until steps had been taken to blacklist a Brazilian subsidiary.

Among other Washington developments:

C. Hartley Gratta resigned from the board of economic warfare as a result of a speech by Representative Voorhis of California, a member of the Dies committee. Voorhis told the house yesterday that a foreword which Gratta wrote for a German white paper in 1940 was "a vigorous denunciation of this country's foreign policy of support of England and France." Gratta denied that he is a Nazi sympathizer.

President Roosevelt, meantime, nominated Carlton J. H. Hayes, a Columbia university professor and prominent Catholic layman, to succeed Alexander Weddel as ambassador to Spain.

APR. 4, 1942
HUTCHINSON, KS. HERALD 417

Washington Merry-Go-Round

Editor's note: Jesse Jones, secretary of commerce, yesterday denied statements made in the Washington Merry-Go-Round. Robert S. Allen, one of the authors, has this reply today:

"Mr. Jones's statement that the President did not inform him he would have to relinquish his control over loans to small business is patently disproved by the fact that President Roosevelt last week issued the order stripping Jones of this authority. The announcement was publicly made at the White House. Regarding the exchange of words between Jones and Sidney Weinberg, this information came from an official who participated in the conference. My informant holds an important position in the war agencies and I know him from long experience to be a man of complete reliability and integrity with no axe to grind. The Merry-Go-Round has at no time made any statement with the purpose of injuring Mr. Jones. We are interested solely in reporting the facts. It is not our fault if the facts in handling the rubber situation reflect upon Mr. Jones' good judgment. Everything we printed exclusively about his handling of this situation has been confirmed by officials and congressional committees. As recently as May, 1941, Mr. Jones publicly reported that 'We have rubber enough to run us at least one and one-half years if we were cut off tomorrow from a supply of natural rubber.' This is no innuendo. It is a plain statement of fact typical of the column.

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ore, which would mean an annual return of \$280,000 on a total investment of 'not over \$50,000.'"

By Drew Pearson and Robert S. Allen

Washington—We have a lot to worry about in various parts of the world—India, Australia, the Near East. But, closer to home, the arrival of a distinguished foreign diplomat this week emphasized the fact that we have a lot to be thankful for among our neighbors.

The visitor was the Mexican minister of foreign affairs, Ezequiel Padilla, six feet, erect, bronzed and handsome, a man for whom the crowds in Rio De Janeiro last winter cheered themselves hoarse.

In Washington, stoic Anglo-Saxon crowds did not go wild. There was no cheering when Padilla passed down Pennsylvania avenue. But to Latin-American diplomats and the state department it was a remarkable occasion. For this is the first time in anyone's memory that a Mexican foreign minister has visited Washington.

In 1927, Frank B. Kellogg, secretary of state under Coolidge, sent a telegram to Mexico warning that it was "on trial" before the world. And in the last war, Mexico listened sympathetically to German plots against the United States.

No Fifth Column

But under Foreign Minister Padilla and his friendly government it is different. Facing a battery of newsmen after his arrival, Padilla was asked:

"How many Japanese do you have?"

"About five thousand," said Padilla. Then he smiled. "If you want the precise ciphers—4,860."

Padilla knew precisely, for he has rounded up every one of the Axis residents of Mexico, and confined their leaders to the rugged old fortress of San Carlos de Perote, scene of bloody battles between the Mexicans and the French in the days of Emperor Maximilian.

"We are keenly aware of the danger," says Padilla. "I believe the peril of fifth column activity is the greatest problem for Mexico today. And the same thing is true for other Latin-American countries, such as Brazil, which has 300,000 Japanese; and Argentina and Chile, which have large settlements of Germans."

In contrast to this, Washington officials remember 1917, and Lothar Witzke.

German Plot In Mexico

Shortly after the break of relations between Germany and the United States in the first World war, a German spy named Lothar Witzke fled to Mexico City, reported to German Minister Von Eckhardt, and boasted to his friends that as soon as he could get back across the border, "Hell will break loose in the United States, sometime in April or May."

His scheme was to organize an uprising among Negroes, to blow up mines, bridges, railroads, industrial plants and communication lines.

Witzke was only one of the German spies who fled to Mexico —but he was the most desperate

of the lot. He had played an important part in the destruction of those two great armadas in New Jersey, Black Tom and Kingsland. Later he was caught, hauled before a U. S. military commission, and condemned "to be hanged by the neck until dead."

But before that happened, he had received the assistance of Gen. Calles, then governor of Sonora, who supplied him with a revolver and permit to carry it in Mexico. Calles was strongly pro-German, as was President Carranza himself, and many members of the Mexican cabinet.

This attitude in Mexico was so well known in Berlin that the Wilhelmstrasse actually had the audacity to propose that Mexico make war against the United States. This was the notorious Zimmerman note, written by the German foreign minister, urging Mexico to attack and promise Arizona, Texas, California, New Mexico in return.

At that time Mexicans were recalling bitterly that on April 21, 1914, the American fleet fired on Vera Cruz, and 200 Mexicans were killed.

Height of irony was reached when, on March 14, 1933, the man, who, as secretary of the navy in 1914, ordered the American fleet to fire, was appointed United States ambassador to Mexico—Josephus Daniels.

And to make the irony complete, the first thing Padilla did last week—even before he came to Washington—was to visit Josephus Daniels at his home in Raleigh, N. C. By eight years of gentle friendliness, even without the knowledge of Spanish, Daniels made Mexico forget, as nearly as it ever could, the incident of April 21, 1914.

Longtime U. S. Friend

Padilla has been a friend of the United States ever since the youthful days of 1884-87. He grew up among the poor campesinos in the state of Guerrero, and became an active revolutionary. With the changing tides of Mexican politics, he was forced to leave the country, came to New York City, enrolled as a student in Columbia university. Padilla has been half Yankee ever since. He has a good command of English, a fondness for American cigarettes, rises early, goes to the office early, has no siesta after lunch, loves golf and billiards.

In spite of this friendliness, it would be false to say that all problems have vanished in the sunshine over the Rio Grande. There remains the fact that Mexico's minister of interior, Miguel Aleman, is dangerously pro-German, and the still more troublesome fact that the president's brother, Maximino Avila Camacho, continues to do business with the black-listed Swedish industrialist, Axel Wenner-Gren.

But these troubles are small compared with what Mexico was in the dark days when Witzke, get back across the border, "Hell will break loose in the United States, sometime in April or May."

And Ezequiel Padilla is the man who personified the change in Mexico—the Mexico which broke relations with Japan four hours after the attack on Pearl Harbor.

4,280 PCT. WAR JOB PROFIT TOLD SENATE

WASHINGTON—(INS)—The senate Friday was told a Las Vegas, Nev., mining firm will realize a profit of 4,280 per cent, or \$2,140,000 a year on a war contract with the defense plant corporation.

Senator Bunker (D., Nev.) made the disclosure, charging one out of every four employees of the mining concern, Basic Magnesium, Inc., is receiving a salary of from \$9,000 to \$36,000 a year.

At Reno, Nev., Howard P. Eells, Jr., president of Basic Magnesium, Inc., declined comment on the report.

Eells intimated a complete investigation of BMT's dealings with the Defense Plant Corp. would be made and that until all testimony has been taken, there is nothing to talk about.

"It should be noted," said Bunker, "that the salaries of these officials are being paid out of the taxpayers' money advanced to the firm by the Defense Plants Corporation."

"In view of the figures submitted, it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

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From
UNION
Springfield, Mass.
APR 4 1942

Head of Firm Silent On Profiteering Charge

RENO, Nev., April 3 (AP)—Howard P. Eells, Jr., president of Basic Magnesium, Inc., of Cleveland, an iron manufacturer, today on a Senate subcommittee report which termed a lease agreement between the Defense Plant Corporation and BMT "one of the most flagrant attempts at war profiteering."

The agreement involved magnesite ore to be leased to the Government for processing into a strategic light metal, magnesium, at a \$63,000,000 plant at Las Vegas, Nev.

Eells intimated that a complete and thorough investigation of BMT's dealings with the Defense Plant Corporation would be made and that until all testimony had been taken he felt there was nothing to talk about.

"I'll let the people I'm working for do the talking," he said during a stop here en route from the BMT's Nevada properties to Cleveland.

The Cleveland industrialist expressed complete satisfaction with progress made both at Las Vegas and at the magnesite deposits in Nye County where a concentration plant is nearing completion.

"We expect to be in limited production by June 15," he said.

"The first units of the concentration plant will be in readiness by that time and the initial unit of the refining plant at Las Vegas will be ready to handle the magnesium oxide and carbonate to be shipped from the plant at the magnesite deposits."

From
RECORD
Philadelphia, Pa.

APR 4 1942

SENATORS ASK 2 TO 10 P. C. PROFIT CURB

New Plan Follows Rising Anger Over Huge Rakeoffs.

WASHINGTON, April 3 (UP)—A Senate appropriations subcommittee tonight approved in principle a rigid scale of profit limitation on war contracts ranging down to as low as 2 percent of contracts of \$50,000,000 and over.

It announced advocacy of a program providing for a sliding scale system of limiting profits, with a top of 10 percent on the smallest contracts—those below \$100,000.

Anger rises. The program was revealed as Congressional ire reached high pitch on the disclosure that one "racketeering industrial corporation" will enjoy for at least one year a profit of 4280 percent for operating a plant built with Government funds.

Senator Berkeley Bunker (D., Nev.) charged that Basic Magnesium, Inc., of Cleveland, is "a racketeering industrial corporation" which stands to make that profit for operating a Government-built magnesium plant at Las Vegas, Nev. He told the Senate the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

APR. 4, 1942
ENID, OK. DAILY NEWS

RIGID CONTROL OF EARNINGS IN WAR IS URGED

Senate Sub-Committee Approved Principle on War Contracts

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Thomas Drafts Plan
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From \$20,000,000 to \$50,000,000—three per cent.
Over \$50,000,000—three per cent on the portion below \$50,000,000 and two per cent on the remainder.

The plan was proposed as a substitute for a flat six per cent limitation written into the bill by the house. It would apply to both prime and subcontracts.

To Withhold Pay
Under its terms, the secretaries of war and navy and the chairman of the maritime commission would be instructed to withhold from payments to contractors a sum equal to at least 20 per cent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements, a final settlement would be made

From
CONSTITUTION
Atlanta, Ga.

Senate Committee Tentatively Okays Profit Limitation

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Graduated Scale.

Earlier, McKellar had indicated that the group would accept a flexible profit limitation provision giving the secretary of war, secretary of Navy, or chairman of the maritime commission authority to renegotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$3,000,000; 4 per cent from \$3,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000; and 2 per cent on amounts above \$50,000,000.

Officials would be authorized to withhold 20 per cent of payment due on war contracts until a certificate was filed showing that contractors had complied with the limitations, Thomas said.

Renegotiation Proviso.

"Contracts could be renegotiated upwards as well as down," he said. "If a bidder showed that he had honestly lost money, then he could be paid up to actual costs, or possibly even a profit. We will have to work out a lot of these details."

Any profit limitation approved by the full senate committee would replace a flat 6 per cent limitation placed in the bill by the house but opposed by Chairman Donald Nelson of the War Production Board on the grounds it was too rigid.

The senate during the day heard from Senator Bunker, Democrat, Nevada, an account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, Ohio, "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

Government Financed.

The senator said that the government's Defense Plants Corporation was financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., for the Cleveland firm.

Reading a list of 40 corporation officials receiving from \$36,000 to \$3,900 a year, Bunker said "it should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corporation."

The senator said he had hesitated to publicize this salary list because of possible results upon men in the armed services receiving \$21 monthly and citizens putting small savings into war bonds and stamps.

He added that he decided to do it because he believed the public and the senate were entitled to know "how the taxpayers' money is being spent by Washington department officials."

From
PLAIN-DEALER
Cleveland, Ohio

APR 4 1942

CITES MAGNESIUM FIRM'S SALARIES

Senator Says 14 Officials Top MacArthur in Pay

WASHINGTON, April 3.—(AP)—Charging that Basic Magnesium, Inc., of Cleveland stood to make a profit of 4,280 per cent in one year, Senator Bunker (D., Nevada, late today on the Senate floor read a list of corporation salaries, which he said in 14 instances exceeded that paid Gen. Douglas MacArthur.

Bunker said the Defense Plants Corp. now is financing a \$63,000,000 magnesite refining plant for the corporation at Las Vegas, Nev. He said Basic Magnesium "stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

At Bunker's request a subcommittee of the special Senate committee which is investigating the national defense program, conducted hearings at Las Vegas in March and yesterday filed with the Senate a report which termed a lease agreement between the Defense Plant Corp. and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Reads Salary List

Elaborating today, Bunker read a list of salaries of officials of the company, which is headed by Howard Eells, and added that later in an address to the Senate he would "tie the ends of this amazing scandal of war profiteering together."

The list of salaries he read included the names and positions of more than 40 officials, whose salaries ranged from \$36,000 a year to \$39,000.

Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500; G. B. Kaufman, managing engineer, \$17,000; J. R. Charles, English consultant, \$15,000; W. W. Patnoe, chief engineer, \$13,800; S. J. Fletcher, English consultant, \$12,000; Harley C. Lee, technical advisor, \$12,000; W. R. Battey, director of electrical design, \$10,400; W. B. Dyer, chief engineer, \$10,194; R. C. Kelley, director of

APR. 4, 1942
OKLA. CITY, OK. OKLAHOMAN

Thomas Says Sliding Profit Limit Favored

State Senator Sees Two to 10 Percent Peaks on Contracts

WASHINGTON, April 3.—(AP)—A sliding scale system of limiting war profits—ranging from a ceiling of 10 percent on small contracts down to 2 percent on the largest—was reported Friday night to have tentative approval of a senate appropriations subcommittee.

Senator Thomas (D., Okla.), author of the proposal, said it was "approved in principle" as the senate subcommittee increased a pending war department appropriation measure from \$18,300,000,000, approved by the house, to more than \$19,000,000,000.

But Senator McKellar (D., Tenn.), chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters the entire subject "is up in the air" until a full committee session Saturday.

Flexible Limitation Seen
Earlier McKellar had indicated the group would accept a flexible profit limitation provision giving the secretary of war, secretary of navy, or chairman of the maritime commission authority to renegotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$3,000,000; 4 per cent from \$3,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000; and 2 per cent on amounts above \$50,000,000.

Officials would be authorized to withhold 20 percent of payment due on war contracts until a certificate was filed showing that contractors had complied with the limitations, Thomas said.

"Contracts could be renegotiated upwards as well as down," he said. "If a bidder showed he had honestly lost money, then he could be paid up to actual costs, or possibly even a profit. We will have to work out a lot of these details."

Any profit limitation approved by the full senate committee would replace a flat 6 per cent limitation placed in the bill by the house but opposed by Chairman Donald Nelson of the war production board on the grounds it was too rigid.

The senator during the day heard from Senator Bunker (D., Nev.) an account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, Ohio, "stands to make a profit of 4,280 percent, or \$2,140,000 in one year, on an admitted investment of not more than \$50,000."

The senator said the government's Defense Plants Corp. was financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., for the Cleveland firm.

40 Salaries Are Cited
Reading a list of 40 corporation officials receiving from \$36,000 to \$3,900 a year, Bunker said "it should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corp."

The senator said he had hesitated to publicize this salary list because of possible results upon men in the armed services receiving \$21 monthly and citizens putting small savings into war bonds and stamps.

He added that he decided to do it because he believed the public and the senate were entitled to know "how the taxpayers' money is being spent by Washington department officials."

purchases, \$10,000, and C. A. Warne, controller, \$10,000.

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps," said Bunker.

"It will be noted that 14 of these officials are receiving more pay than the base pay of Gen. Douglas MacArthur, who has literally offered his life for his country."

with the contractor involving a sum equal to the balance of cost plus the allowable profit.

The Thomas proposal and another, somewhat similar, drafted by Senators John H. Overton, D., La., and Joseph C. O'Mahoney, D., Wyo., would instruct the contract awarding authorities, in making final settlements, to refuse to allow unreasonable salary or bonus payments, or accumulation of excessive reserves as a part of cost.

Recent congressional hearings developed that many companies with war orders were paying huge bonuses and salaries. The charge was made in connection with one such instance that the company was thus seeking to evade payment of excess profits taxes.

The Overton-O'Mahoney proposal does not contain specific profit limitation schedules, but leaves determination of fair profits to procurement officers who would be responsible for negotiation of awards. Thomas told reporters the committee approved unanimously the specific scale he proposed.

Government contract awarding agencies would be required to include clauses providing for renegotiation of contracts before final payment. An inter-departmental agency, composed of army, navy and maritime commission representatives, would be authorized to administer the program.

The Overton-O'Mahoney part of the formula would provide stiff fines for contractors filing fraudulent cost schedules and also would disallow unreasonable bonds, salary or reserve accumulations.

The sub-committee tentatively approved increases in the appropriation measure which, if finally accepted, will carry the BPL well over the \$19,000,000,000 mark. The measure carries funds for 31,070 additional army warplanes and maintenance of an army of 3,600,000 men.

On another war-profits front, Gordon K. Miller, investigator for a house military affairs subcommittee, told the group the government was charged \$9,361 on rentals for a truck used on the Minden, La., ordnance plant project, although the same truck had been sold for only \$4,500 some time before. He cited the rental as one of "numerous instances of over-valuation of rental property" used at the Minden project, which he said was being built by the Siles Mason Co., of New York.

From
UNION
Springfield, Mass.
APR 4 1942

Sliding Scale System Of Limiting War Profits Said to Be Approved

Tentative Indorsement by Senate Appropriations Subcommittee Reported; "Amazing Scandal" of Profiteering by Cleveland Concern Charged by Bunker

WASHINGTON, April 3 (AP)—A sliding scale system of limiting war profits—ranging from a ceiling of 10 per cent on small contracts down to 2 per cent on the largest—was reported tonight to have tentative approval of a Senate appropriations subcommittee.

Senator Thomas (D-Okla.), author of the proposal, said it was "approved in principle" as the Senate subcommittee increased a pending War Department appropriation measure from \$18,300,000,000 approved by the House, to more than \$19,000,000,000.

But Senator McKellar (D-Tenn.), chairman of the subcommittee handling the big appropriation bill and profit limits rider, told reporters that the entire subject "is up in the air" until a full committee session tomorrow.

Earlier McKellar had indicated that

(Continued on Fourteenth Page)
(Continued From First Page)

the group would accept a flexible profit limitation provision giving the Secretary of War, Secretary of Navy, or chairman of the Maritime Commission authority to re-negotiate any contract believed to involve excessive costs or unreasonable profits, without any specific percentage limit.

Thomas said this power would be included in the new profit limit provision along with this graduated scale: A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000; and 2 per cent on amounts above \$50,000,000.

Officials would be authorized to withhold 20 per cent of payment due on war contracts until a certificate was filed showing that contractors had complied with the limitations, Thomas said.

"Contracts could be re-negotiated upwards as well as down," he said. "If a bidder showed that he had honestly lost money, then he could be paid up to actual costs, or possibly even a profit. We will have to work out a lot of these details."

Any profit limitation approved by the full Senate committee would replace a flat 6 per cent limitation placed in the bill by the House but opposed by Chairman Donald Nelson of the War Production Board on the grounds it was too rigid.

Scandal Is Charged

The Senate during the day heard from Senator Bunker (D-Nev.) an account of what he called an "amazing scandal of war profiteering." He declared that Basic Magnesium, Inc., of Cleveland, O., stands to make a profit of 4230 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000.

The senator said that the Government's Defense Plants Corporation was financing a \$25,000,000 magnesium refining plant at Las Vegas, Nev., for the Cleveland firm.

Reading a list of 40 corporation officials receiving from \$38,000 to \$3900 a year, Bunker said, "It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium, Inc., of Cleveland, O., operating in Nevada, by the Defense Plant Corporation."

The senator said he had hesitated to publicize this salary list because of possible results upon men in the armed services receiving \$21 monthly and citizens putting small savings into war bonds and stamps.

He added that he decided to do it because he believed the public and the Senate were entitled to know "how the taxpayers' money is being spent by Washington department of officials."

OVERDUE PROFITEERING ACTION

The senate appropriations committee has approved for recommendation to the senate as a whole a sliding scale war contract profits proposal suggested by Senator Elmer Thomas. The proposal would vary permissible profits to war contractors according to the size of the contract let, and from information available yesterday, suggests this graduated scale:

A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 4 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000, and 2 per cent on amounts above \$50,000,000.

Almost at the same time following exposure of the "preposterous" contract with the Basic Magnesium Co. entered into by the government and exposed last week by the Truman investigating committee, Senator Bunker, Nevada democrat, came forward with astounding detail information of that contract, through which the magnesium company stood to make a profit of 4,280 per cent the first year!

With an investment of only \$50,000, this company (which the Truman committee charged was inadequately financed and probably unable to carry out its part of the agreement without still further government aid was guaranteed a return of \$2,140,000 for one year. Besides, the Defense Plants corporation, a government agency, was financing a \$63,000,000 magnesite refining plant for this \$50,000 company in Las Vegas, Nevada. Moreover, a list of the corporation's officials showed there were forty executives who were to receive salaries ranging from \$36,000 to \$3,900 a year (or far more than the total private investment in the concern) these salaries to be paid out of monies advanced to the magnesium company by the government.

Since these detail revelations are made by a Nevada senator concerning a government contract operation in his own state, they undoubtedly can be taken as true and accurate.

This is but another instance added to the many brought to light by the Truman committee and showing the almost unbelievable conditions existing with regard to contracts for defense and war materials and equipment. Together they show the total lack of business acumen on the part of the administration during the many months of its supposed preparation for war and of spending of billions for the war effort. They give an indication . . . and an indication only . . . of the astounding waste of the taxpayers' money that has been going on for months while consciousnessless contractors have been robbing a government supposedly administered by those supposed to be men of sense and at least ordinary judgment, and whose job was to protect the government interest and assure that every defense dollar went to defense purposes rather than into indefensible profits for favored concerns. Many of these it has been brought out were hurriedly formed and inadequately capitalized, but somehow, through "influence," friendship, political pressure and other subversive methods, were able to get large contracts under fantastically favorable terms.

The belated efforts now to set a limit on war profits must be rushed to bring about immediate cessation of the grafting profiteering which has been shown to exist in innumerable instances. But the very fact that such efforts are necessary now, more than 22 months after President Roosevelt first took the nation into his confidence concerning war conditions in Europe and their threat to the United States, is evidence sufficient of the almost total lack in Washington of understanding of the simplest facts of life regarding the greed of those who would profit by war. And that is not to mention the more sordid implications of the fact that this condition of excessive profits has been allowed to go on without previous or even present administration efforts to call it to an imme-

Firm May Reap 4280% Profit From War Contract

Nevada Senator Aims New Attack at Pact Let by Jesse Jones' Office

By MARSHALL McNEIL
Press Washington Correspondent

WASHINGTON, April 6.—Further condemnation of Basic Magnesium, Inc. and its contract with the Defense Plant Corp., an RFC subsidiary of which Secretary of Commerce Jesse H. Jones of Houston is the head, has been laid before Congress by Senator Berkeley L. Bunker, Democrat of Nevada.

Jones DPC is financing a \$63,000,000 magnesium plant for BMI at Las Vegas, Nev.

Bunker, in a Senate speech, listed "extortionate salaries paid out of the taxpayers' money to officials of a racketeering industrial corporation which stands to make a profit of 4280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000.

The senator explained that it was he who "extended an invitation to the Truman committee to send a subcommittee to Las Vegas . . . to look into what appeared to me to be some questionable conduct on the part of the officials of Basic Magnesium, Inc. of Cleveland, Ohio, for which the Defense Plant Corporation is constructing a \$63,000,000 magnesium plant at Las Vegas."

He then read portions of the Truman committee's report on its BMI inquiry, which, incidentally, is not complete.

Saying that next week he would assemble more information and "tie the ends of this amazing scandal of war profiteering together," Bunker then asserted:

"Suffice it to say that the investment of BMI . . . in this deal in which the Government is putting out \$63,000,000 admittedly is not over \$50,000 and consists of 37 mining claims situated on the public domain and a small amount of development work."

Bunker then listed the salaries of 42 persons whom he identified as administrative employees of BMI, salaries which ranged from \$3900 to \$36,000 for H. C. Mann, identified as the project manager.

Jones' Aide Sought To Abolish Royalties

WASHINGTON, April 6.—W. L. Clayton of Houston, deputy federal loan administrator who was assigned by Secretary of Commerce Jesse H. Jones to supervise the business side of the Government's synthetic rubber program, tried to get Standard Oil of New Jersey to forego its royalties on its rubber patents, the Truman committee has been told.

Speaking for himself and for Jones, Clayton negotiated with Standard of Jersey.

"We asked the RFC for 3 per cent," said Frank A. Howard, Standard vice president, speaking of rubber patent royalties.

"Mr. Clayton retaliated by saying, 'We don't think you ought to get any royalty at all.'"

Standard would not agree with the Clayton-Jones position, however, and if Assistant Attorney General Thurman Arnold had not filed his suit against Standard and won a consent decree covering the rubber patents, the royalties might have cost the Federal Government between \$6,000,000 and \$7,000,000.

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In Washington

By PETER EDSON
Eagle-Star Washington Correspondent
Washington—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corporation money. A sub-committee of senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years. Hence the committee's label of "flagrant war profiteering."

The story behind Basic Magnesium, Inc., is another of those romances of big business, rivaling in some respects the Truman committee's current disclosures on the I. G. Farbenindustrie, or German dye trust attempts to control synthetic rubber development in the United States. As a matter of fact there is even a chapter in the Basic Magnesium, Inc., story that leads back to I. G. F. control of the process which B. M. I. proposes to use.

Daisy Chain
Up to the beginning of the defense emergency, the United States had only one magnesium plant in operation, a 9000 tons per year unit run by the Dow Chemical Company of Midland, Mich., which extracted the metal from salt water. Additional U. S. consumption of this metal lighter than aluminum and valuable

as an alloy to give aluminum extra hardness, had been met by imports from Europe. German metallurgists had really pioneered the development of the metal, but in 1936 a British operating company, British Elektron, Ltd., began extensive reduction of the ore in England, licensed to operate under patents controlled by I. G. Farbenindustrie. In the United States these patents are supposedly controlled but not developed by Magnesium Development Co., a holding company jointly owned by the Aluminum Company of America and I. G. F.

Other industrialists in America also saw the possibilities of magnesium development. Among them were the Hanna interests of Cleveland, for years operators of coal and iron properties in the Great Lakes area. The Hanna interests sent engineers to England to study British Elektron operations, with an eye to developing the magnesite ore deposits in Nevada. The result was the formation of Basic Magnesium, Inc., 45 per cent owned by the British who were to furnish the "know-how" of operation, 55 per cent owned by Basic Refractories, a Hanna holding company which in turn owned as a subsidiary, Basic Ores, which acquired the Nevada magnesite deposits—if you can follow that corporate daisy chain.

Nice Business
Original plans of Basic Magnesium called for a plant with a modest 5000 tons a year capacity. Then came the war, and the demands for magnesium zoomed. After consulting the Army and the Defense Plant Corporation, the company multiplied these plans gradually by 11 plus with the result that contracts were let for the \$63 million plant with a capacity of 56,000 tons of ore a year, which was announced in mid-August, 1941. Basic Magnesium didn't have to put up a cent, beyond its nominal costs for promotion and proving the ore, estimated at from \$25,000 to \$50,000.

Under the contract, the govern-

ment retains title to the plant, but Basic Magnesium was given a cost-plus fixed-fee contract for operation and construction. Basic Magnesium is to receive a \$300,000 fee plus cost for construction and engineering although, according to Senator Wallgren's sub-committee, the company had little or no construction experience and though more than \$1 million is to be paid in fees for construction, engineering and architectural services being performed by others. Further, if the Defense Plant Corporation should cancel the contract, the government would have to pay Basic Magnesium \$1 million and double the royalties on the ore from \$1 to \$2 a ton, although the Basic Refractories company is now leasing quarries near Las Vegas on payment of 25 cents per ton royalty.

All this is what the full Truman committee will investigate when it opens hearings in Washington.

Magnesium Man

Genius of the Basic Magnesium, Inc., setup which the Truman committee will probe in Washington and the man who will be in the spotlight, is Howard P. Eells, Jr., of Cleveland. . . . He is connected with several of Cleveland's oldest and richest families. . . . Graduated from Williams in 1915. . . . Served in Ohio National Guard on Mexican border and in France with the Rainbow Division. . . . Rose from second lieutenant to captain of field artillery. . . . Saw action at Aisne-Marne, St. Mihiel and Argonne. . . . Joined Basic Dolomite Co., of Tiffin, O., in 1919. . . . This firm became Basic Refractories, Inc., in 1941. . . . Eells is now president. . . . A brother, Samuel Eells, is vice president. . . . Dan P. Eells of Milwaukee is chairman of the board

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In Washington

Commonwealth Reporter Washington
Correspondent
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GENIUS of the Basic Magnesium, Inc., setup which the Truman committee will probe in Washington, and the man who will be in the spotlight, is Howard P. Eells, Jr., of Cleveland. . . . He is connected with several of Cleveland's oldest and richest families. . . . Graduated from Williams in 1915. . . . Served in Ohio National Guard on Mexican border and in France with Rainbow Division. . . . Rose from second lieutenant to captain of field artillery. . . . Saw action at Aisne-Marne, St. Mihiel and Argonne. . . . Joined Basic Dolomite Co., of Tiffin, O., in 1919. . . . This firm became Basic Refractories, Inc., in 1941. . . . Eells is now president. . . . A brother, Samuel Eells, is vice president. . . . Dan P. Eells of Milwaukee is chairman of the board

This article was clipped from

AMERICAN METAL MARKET

"Leading Iron, Steel and Metal Newspaper—
Recognized price and market authority"
New York City

APR 7 - 1942

Senate Group Sees Profiteering By Basic Magnesium

Reports Firm May Make \$2,000,000 In First Year On \$50,000 Investment

WASHINGTON, April 6—Senator Bunker of Nevada stated last week in the Senate that Basic Magnesium, Inc., of Cleveland, for which the Defense Plant Corporation is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280%, or \$2,140,000, in one year on an admitted investment of not more than \$50,000."

A subcommittee of the special Senate committee which is investigating the defense program conducted hearings at Las Vegas in March and has filed with the Senate a report which termed a lease agreement between the Defense Plant Corporation and Basic Magnesium, Inc., involving magnesite deposits, "one of the most flagrant attempts at war profiteering."

Senator Bunker revealed a list of officials of the company, more than 40 of whom, he said, had salaries ranging from \$36,000 a year to \$3,900. Included were H. C. Mann, project manager, \$36,000; D. W. Stewart, assistant project manager, \$20,000; W. F. Way, project manager of construction, \$17,500, and G. B. Kaufman, managing engineer, \$17,000.

The company is asking a royalty of \$1 a ton on ore, which would mean an annual return of \$280,000, compared to a total investment "of not over \$50,000," according to the Senate committee report.

"Basic Magnesium, Inc., is also to receive a fee for the operation of the plant, which at maximum production

will equal \$560,000 a year over a possible period of 30 years, although it is not even sufficiently financially responsible to warrant the leasing of the property to it," the report said.

The Defense Plant Corporation is paying "tremendous fees" to Basic Magnesium for what the committee described as "know-how"—technical knowledge—in connection with the construction of the Las Vegas plant, which is "only 9% complete" as far as the metal producing units are concerned. The report pointed out that the original contract was signed August 13, 1941.

Basic Magnesium is to receive a \$300,000 construction fee, plus funds for the actual building of the plant, "although it had little or no construction experience in the past," and although more than \$1,000,000 is to be paid for architectural and engineering service to be performed by others.

"Should Defense Plant Corporation, because of poor performance or any other reason, cancel B.M.I.'s contract to operate the Las Vegas plant, it would under that contract have to pay B.M.I. \$1,000,000," the report said. "In addition, B.M.I.'s royalties under the proposed ore lease would be doubled to \$2 a ton or \$560,000 a year.

"The terms seem to put a premium on mismanagement and incompetency."

Washington Merry-Go-Round

By Drew Pearson and
Robert S. Allen

Washington.—There is a lot more in the wind at the special executive board meeting of the powerful United Auto Workers this week than the announced purpose to decide on whether the union shall waive double pay for Sunday and holiday work. Indications are that approval of this step is certain.

An undisclosed item on the agenda is the question of the UAW declaring open war on John L. Lewis and embarking on a campaign to drive his cohorts out of Michigan.

In recent months Lewis elements have been very active in the state. Hand-picked henchmen have been conducting an organizing drive among dairy farmers, signing them up as members of the United Mine Workers. Other henchmen have been active among utility, transportation and construction workers. Still others have been busy under cover within the UAW itself.

It was these last operations that decided UAW chiefs to call for a bare-knuckle showdown with the miner czar.

Privately they have been sore at him for a long time. But until he started meddling in the affairs of their union, they kept their grievances to themselves. Now, however, they are determined to have it out with him, and the executive board will be asked to approve such action.

If the board does give the green light, the stage will be set for momentous labor history.

It will mean that Lewis faces a head-on battle with another CIO union as big as his own. It also will mean that the other CIO leaders and unions will have to take sides and declare themselves for or against Lewis.

CIO insiders say there can be only one outcome of such a battle: Either Lewis will quit the CIO or be expelled from it.

The betting is that he will walk out. There already are significant signs that he is secretly

Robert S. Allen Replies
to Jesse Jones' Wire

"Mr. Jones' statement that the president did not inform him he would have to relinquish his control over loans to small business is patently disproved by the fact that President Roosevelt last week issued the order stripping Jones of this authority. The announcement was publicly made at the White House. Regarding the exchange of words between Jones and Sidney Weinberg, this information came from an official who participated in the conference. My informant holds an important position in the war agencies and I know him from long experience to be a man of complete reliability and integrity with no axe to grind. The Merry-Go-Round has at no time made any statement with the purpose of injuring Mr. Jones. We are interested solely in reporting the facts. It is not our fault if the facts in handling the rubber situation reflect upon Mr. Jones' good judgment. Everything we printed exclusively about his handling of this situation has been confirmed by officials and congressional committees. As recently as May, 1941, Mr. Jones publicly reported that 'We have rubber enough to run us at least one and one-half years if we were cut off tomorrow from a supply of natural rubber.' This is no innuendo. It is a plain statement of fact typical of the column.

"In a formal report today, the senate committee investigating the war program described an agreement between Jesse Jones' Defense Plant Corporation and Basic Magnesium, Inc., a private firm, as 'one of the most flagrant attempts at war profiteering' to come to its notice. The company, the committee said, is asking a royalty of \$1 a ton on ore, which would mean an annual return of \$280,000 on a total investment of 'not over \$50,000.'"

Worse Than a Plague

Among the cases of exorbitant war profits for which the stage apparently is set, attention is now being called to the operations of Basic Magnesium, Inc., which have been financed by the Defense Plant Corporation an offshoot of the Reconstruction Finance Corporation and, more or less, under the thumb of Jesse Jones, chief of the government's leading agencies.

The latest complaint of these operations are voiced by Sen. Berkley L. Bunker of Nevada, and it is at Las Vegas, in that state, where the operations complained of are under way. It is at least unusual, in this day and age, for a member of Congress to stir up such a rumpus about a war contract through which the people of his own bailiwick stand to benefit, and it may be that Bunker's protests are not all bunk, at least.

According to Sen. Bunker, in a speech in the Senate, the company has an investment of approximately \$50,000, and consists of 37 mining claims located on the public domain, on which some development work has been done.

In contracts to this the DFC is expending \$63,000,000 for a plant for the production of Magnesium—although some question has been raised about the practical value of the processes to be employed, compared to some others by which this strategically important metal is being secured for the government's war production.

Sen. Bunker claimed, in his Senate speech, that the company is paying scales high beyond reason to officers and employees, and that it stands to make an annual profit of \$2,140,000, or 4280 per cent, on its investment because of the nature of the contract approved by the sub-agency of the RFC.

Only recently Sen. Clyde M. Reed of Kansas, whose attention had been called to instances of labor racketeering on war projects in his own state, while there recovering from illness, discussed this matter in the Senate, referring to a bill he had introduced for the purpose of setting up a national policy with regard to restrictions as to employment, paid for wholly from tax money and done solely on account of the Government. Sen. Reed takes the position that the closed shop should not obtain in the case of such projects.

The senator cited numerous instances where residents of Kansas, seeking employment on a shell-loading plant at Parsons, had been compelled to join a union, pay union dues and buy work permits, before being permitted to work, and of instances where work lasted only long enough for the men in question to complete their payments. They then were discharged, presumably to make room for other men, who would be required to pay through the nose for the privilege of working on a Government defense project.

Getting away from his own state Sen. Reed called attention to disclosures of the situation in connection with Camp Meade, Md., which was about 90 per cent completed on March 21, and which appeared in a news dispatch from a special correspondent of the New York Times and with the recital of three Army officers who were familiar with conditions at the project.

The original estimate of the cost was \$18,882,128, and this figure included supplementals added later. Over-time at that date had totaled \$1,808,320, and the ultimate cost of the project was estimated at \$23,000,000.

Three Army officers were authority for the statement that carpenters were charged \$57.50 and laborers \$25 for the privilege of working on the job—to get into the union—and that while the peak payroll was approximately 20,000, the total number of men hired—and fired—would run not less than 50,000 nor more than 60,000.

These army officers estimated the "take" of the two unions—that of the carpenters and the laborers—at \$400,000.

When Nelson Ford, financial secretary of Local 101 of Baltimore, United Brotherhood of Carpenters and Joiners, an American Federation of Labor affiliate, was asked how much money had been obtained by his organization from the Camp Meade job, he said, "it's nobody's business."

Months ago when the fight between John L. Lewis, head of the CIO, and William Green, president of the AFL, were fighting bitterly, President Roosevelt told them, "A plague on both your houses."

Today the American people—and this includes many men and women who have been compelled to join this or that labor organization in order to hold a job in a defense project—have exactly the same point of view. They believe—and that belief is growing stronger day by day—that the Government should not be a party to contracts with capital which will permit exorbitant profits or that it should give any labor organization right-of-way on any defense project which will interfere with the right of any American to work on such a project, or compel him to pay tribute to any labor organization in order to hold his job.

EXCESSIVE PROFITS.

The shock of the Cleveland war factory profits and the size of bonuses paid to employees, recently publicized, had scarcely worn away when another case is cited. It involves Basic Magnesium, Inc., which operates a magnesium plant in Nevada. A senate investigating committee charges that the company stands to make almost a million dollars a year over an initial investment of not more than \$50,000. The committee charges involve sums of magnitude paid by the company, its annual operating costs, and royalty earnings.

The charges may be summarized as follows:

The company is to be paid a fee of \$300,000, plus construction costs, for building the plant "altho it has had little or no construction experience" and more than a million dollars is to be paid others for architectural and engineering services.

For operating the plant, the company is to be paid a fee which at maximum production, will amount to \$360,000 a year.

The company, for supplying the ore, is asking a royalty of \$1 a ton which would give it an annual return of \$280,000.

Not a great while ago Congressman Ditter of Pennsylvania, referring to appropriations before the house, said: "We are passing out this money so fast that greater waste and greater extravagance will certainly follow in the wake of these rapid appropriations." He added that we are beginning to hear stories which involve the kind of contracts the government has made, where contractors make unconscionable profits.

There have been other reports of like kind. One involves an army camp in the south where a service station for automobiles was built at a cost approximating \$50,000 while across the road from the army camp was a privately owned service station of better construction that cost only \$1,100. Other construction there is said to have been of inferior quality but involving excessive cost.

Incidents of this kind are revealing. Congressmen are slow to deny appropriations that are asked for by the administration or the army. They do not want to hinder or handicap the war effort.

Revelations like those of the profits made by the Cleveland airplane starter factory, by Basic Magnesium, Inc., and by contractors on some army installations would appear to call for more investigation and greater control, wherever unfair practices or excessive charges that public must pay are found.

Speaking of Profiteers

A Nevada Senator turns up a happy Ohio corporation that stands to make \$2,140,000 a year on an admitted investment of \$50,000 or less! That works out to 4280-percent!

The Senator says the Government itself financed this canny little concern for a \$63,000,000 magnesium plant in his state. He relates that forty of its officials are receiving salaries between \$36,000 and \$39,000! He explains that the Federal Defense Plant Corporation has advanced the money that pays these salaries to "Basic Magnesium, Inc., out of funds belonging to the Country's taxpayers.

We have already described several other patriotic enterprises like this. There are oodles more of them. They must be reduced to decency or put out of business. That may be difficult to do. But it has got to be done. And when an informed and aroused people want anything like this done they find ways to get it done.

A lot of Congressmen are already getting to the job. A number of these are gentlemen who have been trying to protect abuses of labor-unions from corrective legislation.

Both classes are enemies of the Country. They are draining the Nation's financial veins while the boys on the battlelines are shedding their own blood for the Country's salvation from its enemies. Both should be treated in the same way by every member of Congress.

Peter Edson's Washington Column

Rags to Riches the Magnesium Way

Washington, April 7.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Sen. Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63-million magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corporation money. A sub-committee of senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years. Hence the committee's label of "flagrant war profiteering."

The story behind Basic Magnesium, Inc., is another of those romances of big business, rivaling in some respects the Truman committee's current disclosures on the I. G. Farbenindustrie, or German dye trust attempts to control synthetic rubber development in the United States. As a matter of fact there is even a chapter in the Basic Magnesium, Inc., story that leads back to I. G. F. control of the process which B. M. I. proposed to use.

Daisy Chain

Up to the beginning of the defense emergency, the United States had only one magnesium plant in operation, a 9,000-ton-per-year unit run by the Dow Chemical Company of Midland, Mich., which extracted the metal from salt water. Additional U. S. consumption of this metal, lighter than aluminum and valuable as an alloy to give aluminum extra hardness, had been met by imports from Europe. German metallurgists had really pioneered the development of the metal, but in 1936 a British operating company, British Elektron, Ltd., began extensive reduction of the ore in England, licensed to operate under patent controlled by I. G. Farbenindustrie. In the United States these patents are supposedly controlled but not developed by Magnesium Development Co., a holding company jointly owned by the Aluminum Company of America and I. G. F.

Other industrialists in America also saw the possibilities of magnesium development. Among them were the Hanna interests of Cleveland, for years operators of coal and iron properties in the Great Lakes area. The Hanna interests sent engineers to England to study British Elektron operations, with an eye to developing the magnesite ore deposits in Nevada. The result was the formation of Basic Magnesium, Inc., 45 per cent owned by the British who were to furnish the "know-how" of operation, 55 per cent owned by Basic Refractories, a Hanna holding company which in turn owned as a subsidiary, Basic Ores, which acquired the Nevada magnesite deposits—if you can follow that corporate daisy chain.

Nice Business

Original plans of Basic Magnesium called for a plant with a modest 5,000 tons a year capacity. Then came the war, and the demands for magnesium zoomed. After consulting the army and the Defense Plant Corporation, the company multiplied these plans gradually by 11 plus, with the result that contracts were let for the \$63 million plant with a capacity of 56,000 tons of ore a year, which was announced in mid-August, 1941. Basic Magnesium didn't have to put up a cent, beyond its nominal costs for promotion and proving the ore, estimated at from \$25,000 to \$50,000.

Under the contract, the government retains title to the plant, but Basic Magnesium was given a cost-plus fixed-fee contract for operation and construction. Basic Magnesium is to receive a \$300,000 fee plus cost for construction and engineering although, according to Senator Wallgren's sub-committee, the company had little or no construction experience and though more than \$1 million is to be paid in fees for construction, engineering and architectural services being performed by others. Further, if the Defense Plant Corporation should cancel the contract, the government would have to pay Basic Magnesium \$1 million and double the royalties on the ore from \$1 to \$2 a ton, although the Basic Refractories company is now leasing quarries near Las Vegas on payment of 25 cents per ton royalty.

All this is what the full Truman committee will investigate when it opens hearings in Washington.

MAGNESIUM MAN

Genius of the Basic Magnesium, Inc., set up which the Truman committee will probe in Washington, and the man who will be in the spotlight, is Howard P. Eells, jr., of Cleveland. . . He is connected with several of Cleveland's oldest and richest families. . . Graduated from Williams in 1915. . . Served in Ohio national guard on Mexican border and in France with Rainbow division. . . Rose from second lieutenant to captain of field artillery. . . Saw action at Aisne-Marne, St. Mihiel and Argonne. . . Joined Basic Dolomite Co., of Tiffin, O., in 1919. . . This firm became Basic Refractories, Inc., in 1941. . . Eells is now president. . . A brother, Samuel Eells, is vice-president. . . Dan P. Eells of Milwaukee is chairman of the board.

Rhineland News
Rhineland, Wis.

APR 8 - 1942 16

National Affairs

By PETER EDSON
The News' Washington Correspondent

WASHINGTON, April 8.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corporation money. A sub-committee of senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years. Hence the committee's label of "flagrant war profiteering."

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WINNEMUCA, NEV. STAR & STATE
OF 2:30 P.
APRIL 8, 1942

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

BY PETER EDSON
NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corporation money. A sub-committee of senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years. Hence the committee's label of "flagrant war profiteering."



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APR. 6, 1942 416
VIRGINIA, MINN. ENTERPRISE

Who Gives War Contracts to Carpenter Opportunists?

Established business in the United States has by and large done a splendid job in meeting the need to turn out war materials, and many a plant conversion to the task of the hour merits the appreciation of the government and the approbation of the people. Many an enterprise starting from the ground up, or expanded by the exigencies of the emergency, or the possession of large contracts, has likewise dispatched an acceptable turn-out of products which gear the nation for the grave events of this harrying period. But there is another class of war contractor that is the shame of America, and he is no better than those racketeers which the federal labor department has encouraged on defense undertakings.

It does seem that certain favored individuals or groups may start from scratch and without a dime of their own—because they are entirely financed by government hand-outs—can launch war factories and plants which cost in the millions. There are examples of these situations coming to light, and the dire thing about them is that selfish men utilize the emergency not only to garner fat contracts, but actually to pay themselves, as new-industry heads and business associates, fabulous salaries, commissions and bonuses. So far as the general public is concerned, it will and it does hold the officers of the federal government at fault. There should be no politics in this war effort. No man should be given a fat contract because he stands in.

Americans have been told about the Jack & Heintz firm in Cleveland, with its bonuses and emoluments to workers and managers, an almost criminal imposition upon the government and the people. Now comes a story revealed by Senator Bunker, of Nevada, which assumes to indicate another great salary and profit opportunity for promoters who were successful in landing a contract which the national government finances from orders to overhead, and it makes the electorate boiling mad—at least, we hope it does. On an investment of their own of only \$50,000, a bunch of promoters as long as your arm are building a magnesium plant at Las Vegas, Nevada. Their contract with Uncle Sam, yielded by a friendly administration, is said to amount to \$63,000,000, and very little of private money, if any, is going into the proposition, but a lot of federal money is going out in inflated salaries to certain individuals. Incidentally, those who are the common workers on the job have done right well, too.

Wouldn't it be a fine and a wholesome thing for America if the public became so enraged about things of this sort that the Washington bureaucrats wouldn't dare give any more contracts to political carpenterbaggers?

MINNEAPOLIS, MINN.

WAUSAU (WIS.) HERALD
MONDAY, APRIL 6, 1942

SMELLS BAD

With growing frequency comes a whiff from Washington that suggests indecent favoritism in the war production set-up. The revelations that exposed the RFC-financed Jack & Heinz company's weird salary set-up, in which stenographers and new employees shared in huge bonuses the vast sums made by a profiteering management which simply had more money than it knew what to do with—without paying taxes—are matched by the magnesium scandal uncovered in the house on Friday.

Here, so the accusation runs, is a concern with \$50,000 invested in a magnesium process and magnesite deposits, which stands to make something over \$2,000,000 a year in sales to government. It is paying huge salaries to a long list of officials—salaries paid actually by the government out of tax funds, out of money loaned by the government for development. It is small wonder that labor balks at proposed restrictions on its over-time and holiday pay when such huge profits are allowed.

Nor is that all which smells bad about the magnesium situation. Magnesium is a rare metal, the chief production of which is in the hands of the Dow Chemical company, which has a brine process and which has had heavy RFC financing for new plants in Texas—strange how much RFC money lands in Texas, where Jesse Jones comes from! But there is a brewing scandal to be scented in the complaints of a New Mexico company which has brine wells and a brine process of its own, but which asserts that, despite the enormous need for ten times the magnesium that is needed for war, it can get nowhere at Washington.

The New Mexico outfit—Emro Chemical Magnesium company—has an O.K. on its ability to make magnesium brine from the U. S. Geological Survey. WPB experts and impartial engineers also approve. Even RFC experts recommended a \$50,000 loan for further experimental work. But the head man of the magnesium and aluminum division of WPB says "no." He's a New York banker, Arthur H. Bunker, of Lehman Brothers, the investment house.

The set-up looks doubly dubious when viewed in comparison with the lavish handling of the Basic Magnesium, Inc., outfit, as exposed by Senator Bunker.

There isn't going to be enough magnesium, if every possible source were exploited to the full. It is the most precious metal for airplanes, and absolutely needed for incendiary bullets and bombs. It is immensely more scarce and valuable than aluminum. Any man or group interfering with or preventing its production, and any profiteering in connection with it, is—as Senator Truman said of a much less vicious affair—"approaching treason."

NEW YORK, N.Y., WORLD
TELEGRAM, Cir. 512,566, Sec. 799984
APRIL 5, 1942

Flagrant Move to Profiteer Seen in Magnesium Contract

Congress Planning New Investigation Into
Organization, Aims of Basic Magnesium, Inc.

By PETER EDSON,

World-Telegram Washington Correspondent.

WASHINGTON, April 6.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, Ohio, operating company now

building a \$63,000,000 magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corp. money.

A sub-committee of Senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the Senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years.

Another I. G. F. Tieup.

The story behind Basic Magnesium, Inc., is another of those romances of big business, rivaling in some respects the Truman committee's current disclosures on the I. G. Farbenindustrie, or German dye trust attempts to control synthetic rubber development in the United States. As a matter of fact, there is even a chapter in the Basic Magnesium, Inc., story that leads back to I. G. F. control of the process which B. M. I. proposes to use.

Up to the beginning of the defense emergency the United States had only one magnesium plant in operation, a 9000 tons per year unit run by the Dow Chemical Co. of Midland, Mich., which extracted the metal from salt water. Additional United States consumption of this metal had been met by imports from Europe.

German metallurgists had really pioneered the development of the metal, but in 1936 a British operating company, British Elektron, Ltd., began extensive reduction of the ore in England, licensed to operate under patents controlled by I. G. Farbenindustrie. In the United States these patents are supposedly controlled but not developed by Magnesium Development Co., a holding company jointly owned by the Aluminum Co. of America and I. G. F.

Others Saw Possibilities. Other industrialists saw the possibilities of magnesium developments. The Hanna interests in Cleveland, for years operators of coal and iron properties. The Hanna interests sent engineers to England to study British Elektron operations, with an eye to developing the magnesite ore deposits in Nevada.

The result was the formation of Basic Magnesium, Inc., 45 per cent owned by the British who were to furnish the "know-how" of operation, 55 per cent owned by Basic Refractories, a Hanna holding company which in turn owned as a subsidiary Basic Ores, which acquired the Nevada magnesite deposits.

Original plans of Basic Magnesium called for a plant with a modest 5000 tons a year capacity. Then came the war, and the demands for magnesium zoomed. After consulting the army and the Defense Plant Corp., the company multiplied these plans gradually by 11 plus, with the result that contracts were let for the \$63,000,000 plant with a capacity of 56,000 tons of ore a year.

Terms of Contract. Basic Magnesium didn't have to put up a cent beyond its nominal costs for promotion and proving the ore, estimated at from \$25,000 to \$50,000.

Under the contract, the government retains title to the plant,

but Basic Magnesium was given a cost-plus fixed-fee contract for operation and construction. Basic Magnesium is to receive a \$300,000 fee plus cost for construction and engineering although, according to Senator Wallgren's subcommittee, the company had little or no construction experience and though more than \$1,000,000 is to be paid in fees for construction, engineering and architectural services being performed by others.

Further, if the Defense Plant Corp. should cancel the contract, the government would have to pay Basic Magnesium \$1,000,000 and double the royalties on the ore from \$1 to \$2 a ton, although the Basic Refractories Co. is now leasing quarries near Las Vegas on payment of 25 cents per ton royalty.

WINNEBAGO, ILL., STAR & STATE
CIV. 3,193
APRIL 5, 1942

Columnist Gives Views into Basic Magnesium Setup

For a Washington columnist's views into the controversy swirling around the \$63,000,000 Basic Magnesium, Inc., construction near Las Vegas, Nev., read Peter Edson's Washington Column on page four of today's edition of The Star.

OUTLINES MOVES

The contractual setup of the corporation is dealt with under the title, "From Rags to Riches the Magnesium Way Is Called 'Most Flagrant War Profiteering.'" It outlines the plan as it was planned first and what the war program brought.

APR. 7, 1942
KAWOKA NO FREE PRESS

Senator Berkeley Bunker, Nevada Democrat, charged that Basic Magnesium, Inc., of Cleveland, is a "racketeering industrial corporation which stands to make a profit of 4,280 per cent" for operating a government-built magnesium plant at Las Vegas, Nevada.

Dubuque, Cal., Sentinel
Cir. 2,183
APRIL 7, 1942

A CLEVELAND COMPANY, Basic Magnesium Inc., stands to make a profit of 4,280 per cent in a year as the result of federal financing. Senator Bunker of Nevada charged. Starting with an investment of \$50,000, company officials are drawing \$36,000, \$20,000, \$17,500, etc. a year. Looks like some folks are doing alright in this war, even if it isn't you or your scribbler. Sounds like profiteering, if true.

EL CENTRO, CAL., PRESS
CIV. 3,300
APRIL 9, 1942

Malfesance in Contract Hinted

WASHINGTON, April 9. (UP)—Sen. Berkeley L. Bunker, D., Nev., charged in the senate today that a government agreement with Basic Magnesium, Inc., is "so sinister" as to indicate that some officials are "guilty of malfesance." Bunker denounced an agreement between the De-

fense Plants corporation, a subsidiary of the Reconstruction Finance Corporation, and Basic Magnesium, Inc., a private concern with headquarters at Cleveland.

He charged that under the company's agreement for construction of a \$63,000,000 magnesite refinery at Las Vegas, Nev., it stands to make a profit of 4,280 per cent in one year.

Bunker said that in organization of Basic Magnesium, 45 per cent of stock went to Magnesium Elektron, Ltd., of England, which furnished knowledge of a refining process. He said the British company operated under a licensing agreement obtained from I. G. Farbenindustrie, German chemical trust.

YUMA, ARIZ., SUN & SENTINEL
CIV. 4,350, Evening Cir. 1,235
APRIL 9, 1942

Solon Charges Government Agreement With Basic Magnesium Is 'Sinister'

WASHINGTON, April 9 (U.P.)—Sen. Berkeley L. Bunker, D., Nev., charged in the senate today that a government agreement with Basic Magnesium, Inc., is "so sinister" as to indicate that some officials are "guilty of malfesance."

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Corporation, a subsidiary of the Reconstruction Finance Corporation, and Basic Magnesium, Inc., a private concern with headquarters at Cleveland.

He charged that under the company's agreement for construction of a \$63,000,000 magnesite refinery at Las Vegas, Nev., it stands to make a profit of 4,280 per cent in one year.

Bunker said that in organization of Basic Magnesium, 45 per cent of stock went to Magnesium Elektron, Ltd., of England, which furnished knowledge of a refining process. He said the British company operated under a licensing agreement obtained from I. G. Farbenindustrie, German chemical trust.

There is a serious question as to the contribution of Magnesium Elektron, Ltd., of the process, since they do not own, nor do they have the license to operate this process in the United States," said Bunker.

"The American patents controlling the process are held by an American corporation, one-half of the stock of which belongs to the Aluminum Company of America and one-half of which directly or indirectly belongs to the German interests."

SANTA BARBARA, CALIF., NEWS
PULL MORNING, CIV. 2,668
APRIL 5, 1942

Columnist Allen Answers Charges by Jesse Jones

The News-Press has received the following communication from Robert S. Allen, co-author of the Washington column Merry-Go-Round, replying to a wire from Jesse R. Jones, RFC chairman, also published in The News-Press April 2 which was a denial of allegations made by the column regarding Chairman Jones published recently in The News-Press.

"Mr. Jones' statement that the President did not inform him he would have to relinquish his control over loans to small business is patently disproved by the fact that President Roosevelt last week issued the order stripping Jones of this authority. The announcement was publicly made at the White House. Regarding the exchange of words between Jones and Sidney Weinberg, this information came from an official who participated in the conference. My informant holds an important position in the war agencies and I know him from long experience to be a man of complete reliability and integrity with no axe to grind. The Merry-Go-Round has at no time made any statement with the

purpose of injuring Mr. Jones. We are interested solely in reporting the facts. It is not our fault if the facts in handling the rubber situation reflect upon Mr. Jones' good judgment. Everything we printed exclusively about his handling of this situation has been confirmed by officials and congressional committees. As recently as May 1941 Mr. Jones publicly reported that 'We have rubber enough to run us at least one and one half years if we were cut off tomorrow from a supply of natural rubber.' This is no innuendo. It is a plain statement of fact typical of the column.

"In a formal report today, the senate committee investigating the war program described an agreement between Jesse Jones' Defense Plant corporation and Basic Magnesium, Inc., a private firm, as 'one of the most flagrant attempts at war profiteering' to come to its notice. The company, the committee said, is asking a royalty of \$1 a ton on ore, which would mean an annual return of \$280,000 on a total investment of 'not over \$50,000.'"

(Signed)
ROBERT S. ALLEN

CHICAGO, ILL., NEWS, Cir. 4,300
APRIL 9, 1942

Hit 'Sinister' DPC Deal for Magnesium

Washington, April 9.—(UP)—Senator Berkeley L. Bunker (Dem., Nev.), charged in the Senate today that a government agreement with Basic Magnesium, Inc., is "so sinister" as to indicate that some officials are "guilty of malfesance."

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"The American patents controlling the process are held by an American corporation, one-half of the stock which belongs to the Aluminum Company of America and one-half of which directly or indirectly belongs to the German interests."

Bunker said that "if the agreement between the defense plant corporation and Basic Magnesium, Inc., represents a cross section of conduct on the part of Defense Plant Corporation, I can come to only one conclusion: We are tolerating the existence of an agency of the government that is so corrupt that would make profiteering in the last war look like petty larceny by comparison."

When Bunker concluded Sen. John Thomas (Dem., Idaho) congratulated him. "Those fellows shouldn't be investigated," he said. "They should be prosecuted. They should be jailed. Those are the things that are undermining the confidence of the country in the whole defense setup. 'We must prosecute the fellows who are looting the Treasury.'"

