

PLAINTIFF'S
EXHIBIT

JM-1771

METALS RESERVE COMPANY

WASHINGTON, D. C.

December 26, 1942

MEMORANDUM TO MR. M. E. MILLER:

Arrangements are now being concluded in London for the purchase by Metals Reserve Company of approximately 30,000 tons of asbestos (C & G chrysotile grades) from Turner & Hamall Company through New Asbestos Distributors and of approximately 25,000 tons of asbestos (Cape blue and amosite grades) from Cape Asbestos Company through Egnop Limited. These quantities will be delivered during the year 1943. Since the companies involved are discontinuing direct sales to private consumers in the United States, War Production Board is planning to allocate Metals Reserve Company asbestos to private consumers; it is probable that the bulk of the tonnages referred to above will be resold.

Our purchases are being made f.o.b. steamer, South African port of shipment, and provision is made that payment will be made there against letter of credit and on the basis of weights as determined there. The material is to be subject to inspection after arrival and it is our thought that this inspection should be made by the consumer to whom it has been allocated.

To simplify the resale of this material it appears desirable to appoint an agent who will be responsible for such resales, including the details of handling documents, billing consumers, etc. A preliminary discussion has been had with Mr. Arnold Koehler who has acted as New York agent for the Cape Asbestos Company for a number of years and he has indicated willingness to act in this capacity.

It is suggested that you enter into an arrangement with Mr. Koehler under which he will act as agent of Metals Reserve Company in the sale of South African asbestos. With respect to a fee for his services, it is suggested that he should receive a stipulated sum per ton of material handled. Based on the volume of material to be handled and the cable charges that will be inevitably incurred in obtaining reports as to material afloat, a fee of \$0.50 a ton appears to be in order but you should feel free to develop this matter further with Mr. Koehler if you so desire.

Attached herewith is a letter from Mr. Koehler setting forth facts

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as to prevailing freight and insurance charges. The prices to be paid for this material are as follows:

C & G grades — Grade one L75 5 shillings; grade two, L49; grade three L28 15 shillings; and grade four L18 12 shillings sixpence. These grades are normally shipped through Beira.

Amosite grades — Grade B-1 L30; B-3 and D-3 L24; 3/DM-1 L23; M-1 L21 16 shillings fourpence. These grades are normally shipped through Lourenco Marques.

Blue grades — BS grade L29 10 shillings; S L38 9 shillings two-pence.

These grades are normally shipped through Lourenco Marques or Capetown.

It is desired to establish uniform selling prices for these products f.o.b. cars, shipside, U. S. Atlantic ports. For this purpose, please calculate our expected costs on the basis of the prices cited above (taking the pound sterling at \$4.035), plus freight and insurance as set forth in Mr. Kochler's letter, plus 5% to cover overhead, cost of opening credits, etc. There is no duty.

If you will let me have these figures, I shall then endeavor to clear with OPA and WPE.

Sincerely yours,

S. D. Struss
Assistant Vice-President

SDS:st

cc: Mr. G. T. Bridgman
Dr. Anton Gray
Mr. Sheehan
Mr. Peterson
Mr. Levinson

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