

# U. S. Indicts 15, Charging Cartel In Magnesium

Aluminum Company  
Among Defendants  
Named in 'Combine'

By J. A. FOX.

Charging that a German-American combine has stifled the production of magnesium, a vital element in aircraft construction, the Government today obtained indictments in Federal District Court in New York City accusing six corporations and nine individuals of exercising unlawful controls in the industry.

The prosecution was brought under the Sherman Anti-trust Act, and in announcing the charges the Justice Department named these corporate defendants:

The Aluminum Co. of America, the I. G. Farben Industrie, a German corporation; the Dow Chemical Co., the American Magnesium Corp., the Magnesium Development Co. and the General Aniline and Film Co.

Individuals named included Arthur V. Davis, chairman; Roy A. Hunt, president, and Irving W. Wilson, vice president of the Aluminum Co. of America; Karl Hochswender, president, and Wilfred D. Keith, director, of the Magnesium Development Corp.; Willard H. Dow, president, and Earl W. Bennett, vice president, of the Dow Chemical Co., and Hermann Schmitz and Gustave Pistor of Farben. Mr. Wilson also is president of the American Magnesium Corp.

## Shortage of Foundry Supplies.

As a result of the reputed conspiracy, the Justice Department said that "there is now a serious shortage of foundry facilities available for the fabrication of magnesium products with the result that the production of aircraft and other defense material in which the use of magnesium is necessary has been seriously impeded and delayed."

Other allegations in the indictment are that the controls have led to shortage of facilities in the period of national defense for the production of magnesium; that the development and use of magnesium and magnesium products in the manufacture of airplanes and other products has been restricted; that the price of magnesium in this country has been maintained at unreasonably high levels, and that the reputed conspiracy has resulted in the maintenance of a single producer of magnesium in the United States.

The indictment cited four re-

strictive measures that the combination was said to have produced. These included: pooling the patent on the basic process of manufacture and fabrication to give three American corporations a virtual monopoly in the American magnesium industry; maintenance of domestic prices at a level that discouraged the use of magnesium in the manufacture of planes, automobiles and other products; requiring American concerns which used magnesium to purchase their full requirements from the Dow company and by limiting the sale of magnesium to a single British company.

## May Seize Patents.

The department statement said that the Anti-trust Division has been investigating restrictions on materials essential to national defense and that this inquiry "has shown startling evidence of German influence in domestic industries essential to national defense." Because of cartel arrangements, the statement continued, there are numerous instances of agreements preventing American business from operating even within this country without agreeing to minimum conditions imposed by foreign monopolies.

This particular combination it was added, has brought about a shortage in the production of magnesium both in the United States and England.

It was understood that the Government might implement the New York indictments by seizing the magnesium patents.

## Company 'Conscious' Of No Trust Violation

I. W. Wilson, president of the American Magnesium Corp. and a vice president of the Aluminum Co. of America, issued the following statement here this afternoon:

"The officers of the American Magnesium Corp. and the Aluminum Co. of America are conscious of no violation of the anti-trust laws of the United States and confidently believe that a full presentation of both sides of this matter will reveal that there has been no wrongdoing whatsoever, but, on the contrary, that these companies have contributed greatly to the development of the magnesium business in this country. Expanding in the interest of national defense these companies have multiplied their facilities for the fabrication of magnesium to more than 10 times peace-time demands, and are now in process of even greater expansion. These companies have operated to the fullest extent possible with the defense authority of the United States and they will continue to do so."

## Dow Chemical President 'Knows of No Violation'

MIDLAND, Mich., Jan. 30 (AP).—Willard H. Dow, president of the Dow Chemical Co., said today he had not had an opportunity to see the indictment returned in New York against six corporations producing magnesium, but added:

"I do not know of any violation on our part of anti-trust laws of the United States."