

Steel Plant Shuts Down After Payment Dispute

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COLUMBIA, Mo. (AP) — A central Missouri steel fabricating plant offered state incentives earlier this year has shut down.

The Columbia Daily Tribune reported (<http://bit.ly/sAPWIk>) that Bonnybrook Steel Forms laid off most of its 41 employees Oct. 3 and was to hold an auction for the factory's equipment Dec. 21. The company planned to create 109 jobs over the next three years.

Gov. Jay Nixon in April announced his administration would offer more than \$847,000 in state tax and employee training incentives. A spokesman for the Missouri Department of Economic Development said no state tax credits or job training incentives were disbursed.

Bonnybrook was using a previously vacant factory in Glasgow, Mo., a town of about 1,000 people on the Missouri River between Jefferson City and Kansas City. The company makes steel structures for the concrete industry and had bought the steel form manufacturing operation from Bonnybrook Steel Fabricators, a company based in Canada.

Eliot James, the former chief operating officer and co-owner, said the plant closure stems from a payment dispute with a customer over "a significant amount." He said he hopes the plant can reopen in the spring.

"We were doing really, really well," James said. "And we got blindsided by this."

Federal court records show the company and James are among defendants in a lawsuit filed by Pennsylvania-based Rotondo Weirich Enterprises Inc., which builds precast concrete structures. Rotondo alleges it has a nearly \$1 million contract with Bonnybrook to build steel forms and has paid nearly \$500,000. Rotondo says Bonnybrook refused to release part of the completed steel forms and is demanding full payment of the contract in advance before starting work on the next part of the project.

According to court records, the steel forms are part of a \$335 million prison construction project in Mexico.

Bonnybrook says in court documents that it has not completed the steel forms and has not been paid in full for work on them. James declined to comment about pending litigation.

Cardinal Steel Supply of St. Louis also has sued the company in Randolph County for an unpaid account.

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Missouri economic development projects have faced heightened scrutiny in recent months after the failure of a planned artificial sweetener facility in Moberly. The state offered about \$17 million of incentives and Moberly issued \$39 million of bonds to finance construction of the facility.

Officials said the plant, which was to be operated by Mamtek U.S. Inc., could employ 612 people. However, work stopped on the partially built factory this fall after Mamtek missed a bond payment to Moberly, and no state incentives were ever paid. In the wake of the deal, the state Legislature has held hearings and the Missouri attorney general and the federal Securities and Exchange Commission now are investigating.

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