

ST. LOUIS MINING AND MILLING CO. OF MONTANA.

MARYSVILLE, LEWIS AND CLARK COUNTY, MONTANA.

Helena, Montana, Sept. 7, 1908.

Dear Sir:—

As a Stockholder of the St. Louis Mining and Milling Co. of Montana, it is assumed you have received the various communications issued by the so-called stockholders' meeting, held June 19th, 1908, in the Board of Governor's room at the Missouri Athletic Club, 4th and Washington Ave., St. Louis, Mo. However suitable the above place may be for the purpose mentioned, it is in my opinion still a misnomer to call the meeting a stockholders' meeting, from the fact that but one of the officers presiding at said meeting is a stockholder in the company. I have examined the latest list in my possession (June 15th, 1907) containing the names of all the stockholders, and I find but one name of all the officers of said meeting who really own any stock in the Company. Mr. Walter A. Heimbuecher, President of said meeting, is credited with 500 shares of stock, 300 of which, if I have been correctly informed, and I give his own statement as my authority, were presented to him by his father. The remaining 200 shares were the gracious gift of your humble superintendent, who, in the goodness of his heart, wanted to help the young man along. So much for the officers of said meeting, and the great expense entailed upon them by reason of their investment in the company. Now for those who seem to be so loud in their denunciations of the present management of your property. John H. Heimbuecher, whom my list credits with 2461 shares, Arthur Mittelberg with 3150 shares and Dr. B. Staudinger with 8713 shares. A total of 14,824 shares for the whole Cabal. I do not enumerate in this the stock owned by Chas. F. Mayger, not believing he to be the originator of the opposition to the present management, but simply influenced by stronger minds than his own. Certainly judging from the statements attributed to him, statements so utterly void of any foundation in fact, in justice to him one must conclude he is Non compos mentis and therefore not responsible. Not so however with the

combination of Heimbuecher and Mittelberg; there is a family tie here and as a natural sequence where one hopes for a rake off the other will be expected to stand in. The amounts they have invested in the Company are too trifling to weigh much in the balance when a deal of so much greater import can be made for their own advancement in the control of the Company through its Board of Trustees. This effort of the knockers to get control of your votes at the coming election can not be for the betterment of your property, nor for the enhancement of the value of your stock; the mode of their doing is too outrageous for that, but is more in line with the attempt that was made by Mr. Mittelberg some few years ago to get control of your stock by having it placed in escrow for 90 days. A rumor came to me at the time of the efforts that were being made in this direction, and that the promoter was insisting upon the dismissal of our Attorneys and that all litigation should be stopped. It was this action on the part of Mr. Mittelberg that inspired my letter to the stockholders on December 5th, 1902. In that letter the charge is made that he was then working in the interest of the Montana M. Co., a charge, as far as my knowledge goes, that has never been refuted by either party. If that charge was correct then is it unreasonable to believe the same opportunities are not available now? It seems so to me, and in my opinion, the present opposition to the present management of the Company is not with the view of improvement in the interest of the stockholders at large, but simply to get control of the Board and thereby effect a deal that would be most conducive to their own interests. These conclusions are based upon many years of experience I have had with our opponents and I believe them to be correct. And yet I do not claim infallibility and I may be wrong in my conclusions but I do know they are given with the full conviction that it is to the interest of every stockholder in our company to defeat the present opposition to the Gentlemen who are now in control of your property.

Much has been said by Mr. Heimbuecher and his coterie of friends regarding the books of your Supt. and his expenditure of the money of the Company. This being a matter that touches me personally I wish here to state that the claim made by the gentlemen is false to the core, and they know it. In August 1895, the then Board of Trustees appointed a committee consisting of Arthur Mittelberg and Selden P. Spencer to visit Montana for the purpose of examining the condition of the mine, the books of account and the legal complications. This Committee reported to the Board of Trustees they had compared the books of the secretary with the books of the Superintendent from the time of the organizing of the Company to July 1st, 1895, and after making some proper entries in each, the books balanced within \$3.20 which was charged up to unfound mistake. This report was made in writing to the Board and is dated the 19th day of Sept., 1895, and I have no doubt but what it is now in the office. If not, I have a copy now before me which can be obtained for that purpose. In 1901 I was requested by the then Board of trustees to come to St. Louis with my books for the purpose of having them compared with the books in the office there. This was most cheerfully done and the books gone over by an accountant there at the time and a report made to the Board of Trustees that he found the books balanced and they were correct. Now we have done nothing in the way of mining since then, and certainly have not realized a cent from any of our ores. We have paid out money of course since then, money that was raised in various ways, principally by the sale of our treasury stock. So that whatever of this amount that was expended by your superintendent was first sent to him through the medium of Drafts and so charged to his account on the books in the St. Louis office as well as on the books in Montana. In the disbursement of these various amounts your superintendent was only credited when he sent to the St. Louis office original vouchers showing for what and to whom every dollar was paid. More than this I will say there is not a pay roll or voucher in the Montana office, the original of which was not sent to the St. Louis office at the time it was made up. Nor a pound of ore sold, or retort realized upon that the original papers showing the net proceeds were not charged to the superintendent and immediately sent to the St. Louis office. Then why should these books not balance? Being made up from the same items, they must. Much has been said about the absence of a certain book that was not produced in St. Louis, but great care is taken to hide the identity of this book. The truth of the matter is that the book is a bound book of pay rolls very large and heavy, and knowing that in the St. Louis office there was a duplicate sheet containing every item that was entered in the bound book of pay rolls, I saw no necessity of lugging this book to St. Louis, nor do I understand now why this book should be necessary for a

proper balance of the books, especially since there was in the St. Louis office an itemized statement of every dollar we owed in Montana. While upon this subject of books allow me to correct the statement of Mr. Kaye, by saying the Company's books were not sent to Wm. Mayger in Montana either then or at any other time, nor does he know anything about them.

Another statement I wish to correct, printed as the proceedings of that memorable meeting on the 19th of June. The statement is there made that the accounting made by Mr. Claus Ruyter was suppressed by the order of Wm. and Geo. E. Mayger. Another falsehood of the deepest dye. No one knows better than the gentlemen themselves that this report was so erroneous, that it was a libel upon even the name of an accountant, and was so intended to be by the parties who inveigled Mr. Ruyter to make this examination of the books. This is perfectly demonstrated by the fact that the committee having this matter in charge, were insistent that the Secretary of the Company should not in any way enlighten Mr. Ruyter regarding any of the matters he was asked to investigate, matters passed upon by the Board from ten to twenty years ago, and of which the accountant as such had nothing whatever to do.

In the circular letter issued by that memorable meeting of June 19th, I find this statement: "The mandate of Wm. Mayger ordering this 'New Board' to pass a resolution closing down operations of the mine on the discovery shaft etc,"

This is but another willful falsehood issued by the cabalistic trio to hoodwink Charley, to prevent him from realizing his true interests. The truth of the matter is I did not advise the closing down of the work or the cancelling of his contract. But on the contrary rather advised against this action even in the face of the fact that I was not in sympathy with the work he was doing.

I understand the assertion has been made that prior to the formation of our Company I had never seen a mine. This is certainly news to me if it were true. But tho there is no more truth in this statement than there is in every statement made by Mr. Heimbuecher and his knockers, still I feel I should contradict the statement. As a matter of fact it is now more than forty four years since I first took up the business of mining as a means of livelihood, and having followed it exclusively since, it is only natural I should know something of its requirements. And yet I recognize the profundity of the business and am therefore somewhat timid in making any broad statements of what I do know. Am content to say, any one wishing to know further of my ability as a miner, or a man of integrity can inform themselves by writing to any responsible business man or banker in this city.

I notice also certain matters are said to have occurred while I was in the hospital. Outside of a few visits I have made to friends in institutions of that kind, allow

me to assure you I was never in an hospital in my life. Certainly not as a patient.

In conclusion allow me to call your attention to the two exhibits herein attached which I believe to be true copies of the originals. They speak for themselves and show conclusively how much dependence can be placed in the unwarranted assertions of the writers when their personal interests are at variance with those of the shareholders at large. At the date of exhibit number one, and at the time the transaction written about, both Mr. Staudinger and Mittelberg were members of your Board of Trustees, and had before them the sale of the delinquent stock from the first assessment. This combine was so insistant to keep down the value of the stock, that it excited the interest of the auctioneer, Mr. Henry Sutton, to such an extent, that he remarked to me at the time that he thought there was a misconception in the minds of these men as to their duty. Exhibit number two refers to the treasury stock, some Forty odd thousand shares, which under the solicitude of these friends (?) of the company were sold for the paltry sum of 25 cents a share principally to themselves to the exclusion of other stockholders.

Before leaving this subject, I wish to state that I was present at the sale of the delinquent stock in 1901, and that Commodore Herold, although opposed to me at the time, was an unwilling and much deceived party to the aforementioned combine to reduce the value of the delinquent stock to its lowest ebb. He simply acted as his friends in the combine dictated. But later when the thought came to him that this action would be construed in the light of double dealing, he being a trustee of the company, repudiated the whole business and refused to accept the stock that was bid in by Mr. Staudinger. It is the knowledge of the Commodore's high sence of honor and his strong faith in the integrity of others, that prompts them to add the lustre of his name to their own, knowing full well, that they have no standing with the stockholders themselves, but hoping by the use of the Commodore's name to gain the credence and confidence of the shareholders. It is universally known that the Commodore, on account of age, has taken no active part in business for a number of years, nor will he in this, but rather transfer the proxies to some one else to vote; consequently his name is used as a bait, with the full belief that in the end they will dictate as to how these proxies shall be voted, and by whom.

Just prior to our last election a list of a dozen names of our stockholders was handed to Charles F. Mayger; said list contained the names of Commodore Ferd. Herold

and Mr. Ernest Helfensteller jr., and he was asked to agree upon the nine gentlemen to be voted for. This he absolutely refused to do, nor would he state in advance whom he intended to vote for; he did vote a secret ballot and by cumulating his vote upon three men succeeded in placing Arthur Mittelberg, Dr. B. Staudinger and George W. Hartnett upon the Board of Trustees.

That you may judge of the rules governing our elections, and I may say they are in general practice in corporations, I quote you our By-Law governing this matter.

Section 2, Article 13, provides:—

“At such election for Trustees, each stockholder shall be entitled to cast as many votes as the number of shares of stock held by him multiplied by the number of Trustees to be chosen, and may cast all his votes for one candidate, or distribute them as he may see fit.”

You will note from this, if we are to be rid of the influence of the Montana M. Co. within our Board of Trustees, I ask you in the name of honest management, that you see to it that your Executive Committee is sustained by your votes. This I am willing to guarantee if you will send your proxies to either of the gentlemen named by your President, Mr. Somerville, who will be present at the coming election in person, and cast all votes sent to him. And I trust you will do so in such overwhelming numbers that not even a spy can be retained upon our Board of Trustees to carry information to our opponents.

On account of my time being so fully occupied at the mine for the past few weeks in the development going on there, I feel I am somewhat late in getting this communication before the stockholders, and consequently many of you may have already sent in your proxy. If this is the case and you now wish to make a change, you still have time to do so, as it is more than likely, unless the proxies are all in, an adjournment will be taken until a later day. Remember proxies stand in the same category as a will. The last signed, when produced abrogates all preceeding.

Lamenting the occasion that compels me to write this long communication, I feel my large interest in the Company, and the importance the coming election may have upon the welfare of all interested justifies me in so doing, and for this I ask your indulgence.

Respectfully submitted,

WM. MAYGER.



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EXHIBIT I.

St. Louis, Mo., Feb. 5th, 1902.

Mr. Arthur Mittelberg,

Dear Sir:—

In reply to your letter I wish first of all to give you my conception of our deal. You see I do not represent myself only, as you know the agreement was that I should bid in shares and those who wished might participate in the dividing. Should one or the other not wish to divide they would certainly relinquish all claim to those who wished. I do not think that one who does not wish to have any personally, should have the privilege to make claim to prorata shares and transfer to one not in the combine, as the stock was bought for, specifically, a few. My opinion is that we should come together for the division and that I have not the right to give you or any one else the amount he asks for, he thinks he is entitled to, without the consultation of the others interested, as far as Mr. Herold's share is concerned, if he does not wish to participate, naturally that part goes to the rest and not to one individual. Furthermore Mr. Herold can not give his interest if so considered to more than one person, you remember certainly that at a meeting when I brought up the matter about the 850 shares, that Mr. Herold said to me that I might have his share if he did not wish any, if one person says I do not wish any certainly those in the deal deserve consideration before an outsider, as the latter had a right to buy individually at the sale, which I was barred from doing under our agreement when you stepped forward to buy. I knew you were buying for an outsider, then I did not bid, and my opinion is that all your friend is entitled to from our purchase is what you bought for him. Our deal was among gentlemen and for them only and those who wished to participate personally should have the choice of taking part or all. I acknowledge that I myself now having lost 850 for the combine would like to have more than I get now, also one or two more would have taken more at the price I bought it for, so as to strike a better balance in case the mine ever turns out to be anything. This being my true and honest conception of our deal according to this I acted without authority and certainly wrongfully by sending you the amount I did without the consent of the others; and if they insist to get as much as you I certainly must then give it to them and step down and out altogether myself. My position in this matter is one of trust and am morally obliged to look after an equal division according to agreement. I certainly do not believe that you have given this matter the proper thought, particularly as to my duty towards you gentlemen. This division I think is not of such a hurry I think. So let us come together and divide up and not leave it to me as that is not my office, give this your consideration and advise me.

Yours truly,

(Signed.)

B. STAUDINGER.

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EXHIBIT II.

May 14, 1903.

Mr. J. C. Somerville, Pres. St. Louis Mining & Milling Co., City,

Dear Sir:—

Learn from good authority that the board of directors of the St. Louis Mining & Milling Co. intend to give an option on the treasury stock of said company to a broker.

As there is an unwritten law which gives stockholders of record, prior rights to either subscribe or reject to take in the treasury stock, I would suggest to your honorable board, before making any such arrangements to call a stockholders' meeting at the earliest convenience, to be held at the St. Louis office of this company, and then and there, lay this matter of disposing of the treasury stock for the said company, before them for their action.

I think that it is unfair to the directors of your company, who have all of these years stood the brunt of expense by endorsing notes and paying cash, that they should be entitled to the privilege of prior rights to subscribe for said stock, inasmuch as they hold a very small percentage of stock in the company. Furthermore, the board took up the bonded debt and carried it, in the interest of the company, and are still carrying it.

Trusting that you will give this your careful consideration, I beg to remain, yours truly,

(Signed.)

JNO. H. HEIMBUECHER.