

NEVADA STATE MINING NEWS

APPLICATIONS READY FOR MINING LOANS TO PROJECTS

WASHINGTON, D. C.—The RFC, vast governmental enterprise established by a mining engineer, Herbert Hoover, which has disbursed \$3,062,809,699 to banks, railroads, insurance companies and industrial concerns, is now ready to make loans on worthy mining projects.

Immediately following the adoption of the Scrugham amendment, which provided for loans by the RFC "upon proven mineral acreage," the agency drafted a special set of rules and regulations governing all mining loans.

Realizing that circumstances pertaining to a mining property, or milling or smelting project, vary greatly from the average industrial venture, the RFC adopted a special application form for the use of mining loan applicants.

According to the present routine, no applications for mining loans will be received at regional offices of the RFC, but must be directed to the Reconstruction Finance Corporation, 1825 H Street, N. W., Washington, D. C. Therefore, to save time and confusion, the RFC officials are requesting that all matters concerning applications, information or concerning mining loans be forwarded to Washington.

Upon receipt of a request for a mining loan here a copy of Circular No. 14, and a sample copy of the application form is mailed to the applicant, who, upon careful examination of the regulations and provisions contained in the application form, may request four additional copies to complete the application. These, with such additional papers as may be requested, including engineers' reports, assay reports and sampling charts, are returned to Washington where the case then receives official attention.

If, following this preliminary examination, the application meets all requirements and the property warrants an engineers' examination, the applicant is then notified to post a deposit to cover the costs of this examination. In the event the examination is not made the deposit is refunded, whereas, the amount spent for the inspection is deducted from the loan, when one is granted.

RFC officials are emphatic in stating, however, that applicants will be called upon to make deposits covering the costs of an examination only when engineers are practically assured that the property will bear investigation and wish to make one before finally granting a loan. Only actual and minimum costs will be spent in making these examinations, the work being done for the Government by competent civilian mining engineers located in the same area as the applicant. This will result in a tremendous saving to the applicant in railroad fares and hotel expenses. The engineer will be retained by the RFC on a per diem basis.

The report of the inspecting engineer, the decision of the RFC engineers here and the general report of the department's examiners will determine the decision of the Board of Directors of the RFC in granting the loan.

Such loans will be made to recognized and established corporations, individuals and partnerships, engaged in the business of mining, milling and smelting ore, but adequate security must be provided, says circular No. 14 of the Recon-

LACK OF CAPITAL PRINCIPAL FAILURE IN OPERATING MINES

"Ever since 1861—in fact, almost since the beginning of quartz mining," said C. H. Taylor in a San Francisco interview, "our foundry has been producing mining equipment for western gold mines. My father and I have records of the activities of this section and of many other gold mining sections in our files. During this time we have accumulated by direct observation and business dealings a fund of knowledge about gold mining which I believe is of interest to the people of the United States—particularly at this time when gold is a dominant item in the news of the world.

"One fact stands out clearly at this mass of information: The straight forward gold mining venture, adequately financed and properly engineered, offers an opportunity of large rewards comparing favorably with any other industry—even when that other industry is

struction Finance Corporation, 'Information Regarding Mining Loans.'

The terms and conditions are: loans ordinarily up to five years, maybe longer; interest not to exceed 6 per cent. Made for working capital, and fixed capital such as construction, improvement, repair, equipment and other purposes, provided there are sufficient ore reserves to justify capital investment. No loans to pay indebtedness, but such indebtedness may be deferred and subordinated provided there is adequate security for the proposed loan. Only an incidental portion of the loan may be used for taxes. No loans can be made for purely prospective or promotional purposes or on properties in which ore of sufficient value to insure repayment of the loan has not been blocked out at least partially. Coal and non-metals do not come under the law. There must be a reasonable amount of development, at least a partial blocking out of ore, and a first mortgage, including plant, equipment and water rights will be required, or a first lien on assets of sound marketable value.

Each applicant must execute a certificate to comply with the NRA code. Bonuses, fees or commissions are prohibited in securing the loan, and such fees as are necessary must be disclosed. Salaries and dividends will be under the supervision of the RFC.

An independent audit and an appraisal of the property involved by a "reputable mining engineer, both satisfactory to this Corporation," not more than six months prior to the filing of the application are required. Upon request of the corporation, applicant will be required to make a deposit to cover the cost of field work which may be necessary in connection with the examination of the property.

The application blanks are a business proposition with most of the requirements that would be made through bank transactions with the exception that greater latitude is given. Nothing is given away and each case must stand on its own merits.

The requirements are in detail, such as would be requested by any prudent man or organization, in making a loan. Though they may seem stringent, there is sufficient leeway for those with more than a prospect to secure help.

—Mineral and Industrial News.

— COOPER FOR GOVERNOR —

operating under the most favorable conditions. And these large rewards are actual profits produced by the operation of the property.

"We have recorded time and again the success of soundly conceived and executed projects.

"It is true that we have seen many failures during this time. And the causes of these failures have been apparent. We have seen failures upon property which, under the management of subsequent operators returned huge profits. In fact, I can say that from these records and this experience recorded in our files, there is one cause of failure which outweighs all the rest. It is greater than the hazard of finding sufficient ore, or insufficient value in ore which is developed. It causes more failures than all the other factors combined. It is the attempt to operate without capital enough to follow out the most conservative engineering reports on the properties.

"There are splendid properties still undeveloped in California and in the Grass Valley district. Some of these are undeveloped for the best reason in the world. The owners will not allow operators without adequate capital to take a chance on them. This is to my mind a matter not only of fundamental honesty but of sound business judgment. The project which does not succeed will gain little for the owner of the property—even if he gets a down payment on his property—for it makes it harder for him to interest capitalists capable of carrying through to success. And certainly the operators and investors who cannot furnish sufficient capital are saved from failure and loss if they are deterred from beginning."

—Goldfield News.

POLITICS HEADED THAT WAY

"If business would go straight, politics would go straight, too," says a writer. Yes, and if politics would go straight to where most business men say business has gone it would be O. K. with practically everybody. — Industry and Labor.

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ASHBY LEASERS IN

FIVE FEET OF ORE

A body of ore five feet wide has been developed in the south drift on the 92-foot level of the Johnson-Withers lease at Ashby, near Hawthorne, and there is also a good showing of mill ore in the north drift on the same level. The south orebody consists of a width of ore said to run about \$100 a ton, and the four feet alongside will average about \$15 a ton, it is reported.

The shaft on the Armanko-Cafferata block is down 95 feet and will continue to the 105-foot level, when a drift will be started north on the vein to connect with the south drift from the Johnson-Withers lease, and a connection will be made for air.

A number of other leasers are at work at Ashby, and several shipments of ore already have been made. — Goldfield News.



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