

The tangled thread of detail which has delayed construction of the Las Vegas federal building for the past several months, was partially broken today with receipt of word from P. K. Heath, assistant secretary of the treasury, that the contract of the Plains Construction company of Pampa, Texas had been terminated and the work being readvertised.

The treasury official declared the new contract for erection of the building would be "let at the earliest possible time," which may be in season to insure resumption of work within the next two or three months.

THE ACTION of the treasury department followed a complete investigation of the situation by representatives of the government, Heath said in a letter to United States Senator Tasker L. Oddie, forwarded to the chamber of commerce in which he outlined the procedure of the awarding of the contract.

"Bids were opened on July 22, 1931," the letter states, "and the Plains Construction company with a bid of \$237,000 was low. The low bidder was not financially rated or listed, and the federal custodian at Pampa was instructed to wire his recommendations relative to the technical and financial ability of the Plains Construction company, and the contractor requested to furnish evidence of his qualifications.

"THE CUSTODIAN reported that the financial statement of men back of the Plains Construction company showed their net worth to be \$149,000 and that its ability was very good also that the contractor's work at Pampa had been satisfactory. The contractor, J. O. Pearson, doing business as the Plains Construction company furnished a list of contracts he had completed which included several large buildings in Pampa and nearby cities. He also stated that he had been general superintendent of construction on several large buildings in Texas and elsewhere, listing several of the more important.

"The contractor furnished individual bondsmen and certificates of sufficiency executed by the county clerk of Gray county, Texas, showed them to be jointly worth an amount sufficient to qualify them as sureties. Their total assets amount to \$267,000 and the amount of the bond on the contract is \$119,000.

"The bonds were apparently executed and completed in proper form and passed the scrutiny of the solicitor of the treasury as to form and execution. Upon receipt of complaints of the contractor's failure to pay subcontractors and material men, the case was investigated. Upon such investigation being made, it was learned that the contractor was without funds, and in all probability would not be able to proceed with the work. Before the department had an opportunity to call upon the bondsmen, word was received that the three bondsmen whose names appeared as individual sureties claimed that they did not sign the bond for the

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Plains Construction company, and held themselves to be without responsibility for the payment of debts incurred by the contractor.

"FROM INVESTIGATIONS made by two of the department's representatives, it has developed that the three sureties did not in fact sign the bond, but that the contractor Pearson, signed the bondsmen's names to the several bonds and accompanying certificates, and that the notary public and county clerk took the acknowledgements without the presence of the bondsmen. The department is in receipt of a letter from the contractor in which he states that he signed the bondsmen's names to the bonds with their permission, and further, disclosed the fact that he was to pay each one \$800 for the privilege, accompanying his letter with copies of purported agreements to pay the bondsmen the above amount at the rate of \$80 per month and also to sign his life insurance policy over to the bondsmen.

"At this writing it has not been determined what the government's rights with regard to the bondsmen are, but the matter is being turned over to the department of justice for its investigation and the determination of the course which should be pursued relative to the contractor and bondsmen," the letter concludes.