

February 14, 2011

Timothy Massad
Acting Assistant Secretary
Office of Financial Stability
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 2002

Dear Mr. Assistant Secretary,

I am writing to express my concern about the contract that Capstone Group, LLC (“Capstone”) has entered into to demolish the North Plant at the former Chrysler site in Fenton, MO. I seek your personal attention to this matter so that the potential to bring valuable, job creating manufacturing opportunities to Fenton can be fully explored.

As you know, Chrysler operations in Fenton, MO were shut down in concert with Chrysler’s entrance into bankruptcy. The Fenton site consisted of two plants, the older South Plant and the newer North Plant. Capstone was appointed by the bankruptcy court to oversee the disposal of the Chrysler site. To date, no buyer has been found for the site. Capstone has further informed my office that it has not received a viable offer to date from any of the interested parties.

Because of the location of the site, its proximity to local highways and towns and its existing structures, it has always been my hope that other entities would purchase the property to use it for manufacturing and create long-term jobs for the region. I have worked with local officials to help bring this vision to pass. In fact, St. Louis County and my office have heard from several entities who are interested in buying the site for manufacturing purposes. It is my understanding that many are particularly interested in buying into the site with the North plant intact should they get the proper financing. Therefore, the premature demolition of the North Plant would be deeply troubling to me.

Unfortunately, Capstone has entered into two contracts with a demolition company, MCM, to raze both the older South plant and the newer North plant. Capstone leadership had initially stated that the reason for demolishing the South plant was to pay for the operating costs of the North plant. The contract for the South plant was entered into on September 29, 2010 and the plant was largely demolished last fall after receiving the necessary approvals from the St. Louis County and the City of Fenton.

However, Capstone then unexpectedly announced in December, 2010 that they had entered into another contract with MCM to raze the North plant. Unlike the demolition of the South plant, Capstone appears to have moved ahead with the contract on the North plant before receiving approval from the County to demolish it. In the meantime, it is my understanding that the demolition company has paid Capstone and that funds have already been distributed to creditors.

The County to date has not approved the demolition of the North Plant and recently passed a resolution that halts demolitions in the County until February 28, 2011.

I would like to work with you to receive more details about the contract that was entered into between Capstone and MCM and further learn why funding was distributed before approval for the demolition was granted by the County. It appears that Capstone may have started distributing payments to creditors before the necessary approvals were obtained for any demolition of the North Plant. In addition, it also appears that Capstone did not ever use the proceeds from the sale of the South Plant to cover costs of the North Plant, thereby making it difficult for leaders to work to identify a purchaser who would buy the North Plant and engage in job creating manufacturing activities there.

These are serious questions that need to be addressed. There is real interest in the North Plant from potential buyers. If the plant is demolished prematurely, it could affect the ability to bring good paying, long-term manufacturing jobs to the region.

Thank for your consideration.

Sincerely,



Claire McCaskill
United States Senator