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TO: Horace Drake

FROM: Paul Shorb

DATE: 2-14-90

NUMBER OF PAGES FOLLOWING THIS PAGE: 5

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Revised letter from 2/15

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Paul to review 2/16/90

(202) 789-6055

February 14, 1990

DRAFT

Morris Weissman
345 Hudson Street
New York, New York 10014

Richard M. Cohen
601 N. Faring Road
Los Angeles, CA 90077

Stanely Kreitman
345 Hudson Street
New York, New York 10014

GIT Liquidation Trust
c/o Morris Weissman, Trustee
345 Hudson Street 10014
New York, New York 10014

Madelaine R. Berg
Stroock & Stroock & Lavan
7 Hanover Square
New York, New York 10004-2594

Martin L. Edelman
Battle Fowler
280 Park Avenue
New York, New York 10017

Re: Midwest Rubber and Reclaiming Company

Dear Sirs and Madam:

I am writing you on behalf of Empire Chem, Inc., which under an agreement dated July 24, 1986 purchased certain assets of Midwest Rubber Reclaiming Company (the "Company"). Under that agreement, the purchaser assumed certain specified liabilities of the Company, and the seller retained the specified obligations and liabilities. By this letter, we notify you of your potential liability for two environmental claims, and demand that you take appropriate steps to discharge that liability.

We have directed this letter to several addresses because of our uncertainty as to the status of GIT Liquidation Trust and as to what parties are represented by which counsel. We understand that the Company was dissolved on December 30, 1986, as was its sole shareholder, GIT Industries, Inc. We understand that Messrs. Cohen, Weissman and Kreitman were the shareholders of GIT Industries, Inc., and were, as of November 16, 1989, the beneficiaries of the GIT Liquidation Trust. We understand that

Stroock & Stroock & Lavan has represented one or more of the above parties, and that Mr. Edelman has represented Mr. Cohen.

The first environmental claim addressed by this letter arises from the so-called Laskin site in Jefferson, Ohio. This is a site formerly used for processing waste oils that is being cleaned up under the authority of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA" or "Superfund"). In the July 24, 1986 purchase agreement, the seller expressly retained all liability in connection with the Laskin site beyond $75,000.

The second claim, known as the Sauget Sites matter, involves two areas in Sauget, Illinois allegedly contaminated in part from operations of a facility there operated by the Company.

There is no evidence or allegation that any of the sites involved have been contaminated by any actions of the Division. Instead, any contamination of these sites related to the facilities in Barberton, Ohio or Sauget, Illinois results from the operation by those facilities of the Company.

Both sites call for immediate action. Regarding the Laskin site, a complaint by the U.S. government seeking compensation for cleanup and related costs was served on the Company and received by Mr. Weissman last fall. A civil case order filed February 8, 1990 requires discovery to commerce immediately and to be concluded by March 12, 1990. Settlement with the government may be possible for an amount on the order of $150,000-$250,000. Several of you have received repeated notice of this matter.

Regarding the Sauget Sites, the Illinois Attorney General is convening a meeting on [February 23] at which cleanup of the sites and sharing the costs of the same will be discussed. A meeting also has been scheduled for March 9 to discuss Site O, one of the two sites to which the Company has been tied. At or shortly after such meetings, some commitments will have to be made.

There is substantial evidence of liability under CERCLA of Midwest Rubber Reclaiming Company at these sites. On information and belief, the assets of the Company were transferred to GIT Liquidating Trust or its beneficiaries or both with full knowledge of the asserted and potential claims against the Company regarding these sites. Those who thus strip a corporation of its assets in the face of known liabilities can be held accountable for such liabilities. The Division fully intends that the GIT Liquidating Trust or its beneficiaries, not the Division, satisfy the environmental liabilities of the Company.

Representatives of the GIT Liquidating Trust or its beneficiaries or both should assume the defense of the Laskin lawsuit and attend the meetings referenced above, with authority to enter into appropriate settlements. The Division will take appropriate steps to minimize its exposure regarding these two sites. Total liability arising from the Company's alleged contamination of these sites may be millions of dollars. If a satisfactory exposure is not received soon, the Division may be forced to bring suit against the GIT Liquidating Trust or its beneficiaries or take other actions that may prejudice your rights.

Please contact me by _____ with your response.

Sincerely yours,

Paul Shorb

cc: Elliot Eder, Dept. of Justice
Neil F. Harigan, Illinois Attorney General
Harold G. Baker, Sauget Village Attorney

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Phone conversation 2/14/90 Harry, Paul & Kelly; Harry out of town & Paul tried to get back but not yet. Paul agreed to provide Baker letter & discuss notification & change in representation

Should Baker be advised of change in representation and also informed of JGIT as a specific prior owner?

Organization needs to expense the other work proposed. Given at cost of site "O"

~~(202) 789-6055~~

February ~~14~~ 15, 1990

Harold C. Baker, Jr.
Attorney at Law
56 S. 65th Street
Belleville, Illinois 62223

DRAFT

Re: Village of Sauget/Sauget Sites

Dear Mr. Baker:

On behalf of the Midwest Rubber Reclaiming Division of Empire Chem, Inc., (the "Division") I am responding to your letter of February 1, 1990.

As you may know, the facility now operated by the division was owned by Midwest Rubber Reclaiming Company until July 24, 1986, when that company sold the facility and other assets to MBS Chem, Inc., now known as Empire Chem, Inc.

On February 10, 1987, [I] committed on behalf of the Division to contribute 4% of certain costs of a proposed remedial action for the closed lagoons and ponds the Sauget Treatment Plant, up to a maximum total project cost of $3,000,000. In making this commitment, the Division did not admit any liability for the contamination necessitating the cleanup, since the Division did not contribute to any of the contamination involved.

The Division of course will honor the commitment that it made in 1987, and therefore does wish to attend the March 9 meeting to understand what additional work and costs are proposed. However, we cannot at this time agree to any expansion of our prior commitment. The Division will seek to have the prior owner of the facility or the successors in interest to that prior owner, pay for any remedial costs or other liabilities beyond those that we agreed to pay in the 1987 agreement. We are notifying them of this meeting.

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Your letter mentioned the possibility of expanding the Garrity and Miller work to include "a couple of nearby problems on adjacent Village property". This goes beyond the scope of the 1987 cost sharing agreement. We grant that it may be efficient for the Village to investigate such areas in connection with an investigation of the pits and lagoons. Nevertheless, we request that the costs of these two efforts be kept separate and documented. The Division has not committed to and does not now agree to pay for dealing for such other problems that it did not cause. Therefore the existing cost sharing formula, designed only for the pits and lagoons, should not be applied for a scope of work that goes beyond the original agreement.

I look forward to seeing you at the March 9 meeting.

Sincerely,

[Who should sign?]

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CER 127577

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