Efforts to reopen steel mill in Amite remain uncertain

BY DAVID LUSH
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AMITE — Most small towns are busy building and expanding their economic bases — or attempting to recoup some former glory. Amite is no exception.

However, the town’s efforts to re-open the former Steelcraft, Bancroft and Ross Inc. steel mill have frustrated all parties concerned.

The steel mill, which has the capacity to produce steel castings up to 80,000 pounds, the largest outside of Ohio, was once the town’s largest employer.

It went bankrupt in 1986 after losing a $30 million per year Defense Department contract to manufacture parts for the M-1 tank.

U.S. Bankruptcy Court in New Orleans took control of the facility to protect its creditors, which include the Ross family, the Central Progressive Bank and the Internal Revenue Service.

Since the mill closed, Amite city officials tried to see that it reopens as quickly as possible.

However, the man they had hoped would save the mill — Thomas E. "Gene" Milstad, 58, of Milton, Fla. — had problems of his own.

He defaulted on his $15.5 million cattle loan, he said.

He was acquitted on Aug. 24 of a grand theft charge of $15,000 from a trucking company in Santa Rosa County, Fla., according to the Clerk of Circuit Court’s Office in Santa Rosa County.

He faces a court hearing on Feb. 17 in Sarasota on charges of first-degree grand theft of $116,643 from the Sarasota rental companies, the state attorney’s office said.

Milstad said a settlement has been reached in this case.

He is a fugitive from justice, according to the Clerk of Court’s Office in the Escambia County, Ala., which issued a warrant for his arrest for first-degree theft of property.

Milstad offered $7,000 to an Amite contractor for renovation work at the mill, according to the contractor, Glyn Morgan, a partner. Another contractor, John J. Milstad, his wife and the mill on Jan. 3.

He is being investigated by the 21st Judicial District Attorney for removal of scrap metal and other assets from the mill property. Milstad sold the asset through a court receiver, a restraining order from entering the mill pending grounds

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On Jan. 3, to pay the U.S. Bankruptcy Court in New Orleans $1.5 million offered in November for the mill. He was on a telephone interview on Tuesday, he said he still wants to purchase the mill and has been asked to go to Gezan (Wednesday) to sign the paperwork.

He said he would have the money to Robert Martin, Milstad’s trustee in Bankruptcy Court, by Friday.

Marrero said on Tuesday that he had heard from Milstad on Friday, but the offer was still wide open. He said Milstad told him he had the money "but I haven’t seen it."

The "bottom line is money," Marrero had said earlier.

Milstad on Tuesday would not name the source of the money, saying that people interested in purchasing the mill would try to sabotage his deal.

He said he has $5 million in assets, $4.5 million to finance the site and $5 million to purchase some of the capital equipment and renovation to the foundry and improvements. He is also paying some bids to local contractors.

The mill will be renamed the Amite Foundry and Steelworks Inc., he said. Milstad said he plans to move to Amite with his wife, Miller, within six months.

However, he indicated he is in default in his federal and may no longer have the inside track on purchasing the mill.

Several options are available, Marrero said, including accepting offers from other potential buyers or auctioning off the property and equipment.

As of Tuesday, Marrero said another offer in his possession is very low.

"No other offer has come forward," Marrero said. He hopes the mill can be sold as a whole to a buyer who has the financing and ability to reopen the foundry as possible.

"If anybody walked up with the cash money, I would sell it to him," Marrero said.

Vince LaBarbera, an 18-year veteran on the Amite City Council, has been the point person for the city in dealing with Milstad.

"I did all I could to help the city," LaBarbera said. "I was under the assumption when you made a bid in a federal court, your finances would have to be in order."

"As for Milstad, I was hopeful and optimistic and took more of a hands-off policy," said Mayor Reggie Godbey. "I’ve seen things like this before, and as far as the city goes, we didn’t really get involved."

"Some individuals got burnt on the deal, but I won’t get excited until the deal is done and official," the mayor said.

Officials in Amite said no one has contacted them about the mill, which dates back to 1900 and Bancroft and Co. machine shop and foundry in New Orleans.

In 1918, the company changed to Dibert, Bancroft and Ross Inc. Over the years, the mill used scrap metal to manufacture complete sugar mills, dressing machines, reinforcement rods and marine components.

In 1918, the company made the pumps for the first water drainage system in New Orleans, which is still in operation.

The mill also constructed all the hulls and all deck fittings for every Liberty ship built during World War II.

The steel mill moved its New Orleans operation to Amite because it needed more space and to take advantage of a Tangipahoa Parish financial program which had allowed the company to sell bonds and develop the plant.

The 50-acre Amite site includes 325,000 square feet — or 18 acres — of land.

According to Godbey, Amite officials are taking a wait-and-see attitude so they don’t get its hopes up only to have everything fall through."

"I guess that’s the safe thing right now," said Godbey.