

### SCRAP

## Recycler sues partner for breach of contract

NEW YORK — An Illinois recycler that specializes in the recycling and marketing of decommissioned military ordnance is waiting for a trial date to settle claims its partner falsified business expenses and withheld profits.

Glencoe, Ill.-based Demil Metals Inc. is suing its joint venture partner, Bedford, Ind.-based Bedford Recycling Inc., in Cook County (Illinois) Circuit Court for breach of contract and fiduciary duty.

The two companies entered into an oral agreement in or around 2006 to collaborate on certain projects to demilitarize and recycle military scrap and equipment, according to court documents.

“Pursuant to the joint venture agreement, Demil and Bedford would reimburse themselves for the actual cost and expenses incurred during the project—without any markup—and then

split the profits evenly,” the complaint said.

The case is currently in the discovery phase and no trial date has been set, Monte Mann, an attorney with Chicago-based Novack and Macey, who is representing Demil, told *AMM*.

Bedford had started breaching the joint venture agreement after the 2014 death of Demil founder Barry Schaffer, Mann alleges. “After Schaffer’s death, Bedford began submitting false monthly reconciliations or ‘settlements’ to Demil,” he added.

Bedford had won a military sea mine ordnance contract, known as the Sea Mine Anchor Project, in August 2011, with Demil Metals named as a subcontractor. Demil claimed that Bedford now refuses to honor the joint venture agreement for this project even though the original business lead allegedly came from Demil’s industry contacts, according to the filing.

Demil alleges that more than \$1 million in charges to the partnership are overinflated and it is owed an additional \$264,861 in expenses related to the projected cost of an environmental company that the joint venture originally considered retaining on the Sea Mine Anchor Project.

As an other example, Demil told the court that Bedford claimed it sold nickel-bearing scrap for \$1.70 a pound when the going price for nickel was \$8 a pound, resulting in a loss of \$15,000 for the joint venture.

Bedford has filed a counterclaim, alleging that it is owed money because the joint venture operated at a loss. A Bedford spokesman declined to comment, noting that the company does not comment on pending litigation.

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